

Reagan Ignoring Warnings On U.S. Economic Recovery

By John M. Berry
and Juan Williams
Washington Post Service

WASHINGTON — President Ronald Reagan and his leading White House aides, encouraged by a burgeoning economic recovery, have turned deaf ears to warnings from some of the president's economic advisers that the recovery's prospects are not necessarily as rosy as they seem.

The advisers agree that everything is going well for the moment. Their concern is over what will happen late this year or in 1984 if the recovery continues at its current or a faster pace, and if, at the same time, little is done to reduce federal budget deficits and to slow double-digit growth of the money supply.

The combination of a fast recovery, big deficits and speedy money growth, the advisers caution, could leave Mr. Reagan with an election-year dilemma of accepting renewed inflation or taking steps that could choke off the recovery.

Mr. Reagan and his aides have rejected the arguments from the advisers, who include Treasury Secretary Donald T. Regan; David A. Stockman, director of the Office of Management and Budget; Martin S. Feldstein, chairman of the Council of Economic Advisors; and occasionally Secretary of State George P. Shultz.

"A strong, unbridled economic recovery is good from every standpoint," said a senior White House official. "It's good for America's position abroad and our foreign policy. It's good for poor people."

It's good for unemployed people. It's hard to identify who it isn't good for."

Comments by several Reagan aides make it clear that the president's approach to the 1984 election will be based on the economy's performance.

The economic advisers, however, have stressed to the White House that some precautionary actions now could make for smoother sailing as they seem.

Again, they have met a stonewall.

"Most of this economic business is psychological," a senior White House official said. "If we start turning tail inside the White House you can imagine what the Wall Street reaction will be. That can put the whole economy in a slump by itself."

Added another Reagan aide: "I don't see that much disagreement publicly on the issue. The economists are in retreat. I think there was more of an argument on the tax issue, but they lost that one and they are not coming back."

Part of the problem is the reality behind Mr. Reagan's words in his economic report in February.

Mr. Reagan said then that if the money supply is "allowed to expand too rapidly, an increase in inflation and a short-lived recovery will result." He added, "I expect that in 1983 the Federal Reserve will expand the money supply at a moderate rate consistent with both a sustained recovery and continued progress against inflation."

Certainly agreeing with those sentiments, Federal Reserve officials are expected this week to be-

gin tightening credit conditions to slow money growth, which has been running far above the 4- to 5-percent target range. Any steps in that direction likely would mean higher interest rates.

When reports were published about the pending Fed action, senior White House officials speaking for the president said there was no need for interest rates to rise. But both Mr. Regan and Mr. Feldstein have said publicly that the Fed should slow down growth in the money supply to prevent a revival of inflation in the future.

The economic advisers apparently would be willing to see taxes increased as part of a compromise with Congress that would include some of the controls on domestic spending the administration wants.

When they began drafting a compromise and word of it leaked out, White House officials quickly denounced the idea.

Asked about that, a Reagan aide replied: "Are you asking me if there are people in this administration who want to raise taxes? The answer is yes. They are a distinct minority, and they are a minority that lacks one key member — the president."

Not all private economists agree that the Federal Reserve should tighten credit conditions now.

"Tightening monetary policy at this time would be a mistake," said Jerry Jasnowski, chief economist of the National Association of Manufacturers, "because it risks undermining the recovery, aggravating the problem of the overvalued dollar and worsening the international financial situation."

U.S. Columnist Helped Reagan Before Debate

By Jonathan Friendly
New York Times Service

NEW YORK — George F. Will, the conservative political columnist and commentator for ABC News, helped coach Ronald Reagan for his 1980 debate with Jimmy Carter and then told television viewers after the debate that Mr. Reagan had performed very well.

Other columnists and journalists said Mr. Will's direct participation in shaping an event in the Reagan candidacy undermined his ability to comment evenhandedly on the event and misled viewers by not acknowledging his role.

According to Mr. Will, his role as a Reagan partisan was well known, his contribution to the coaching was minimal and his help did not improperly influence his broadcast commentary.

(Mr. Will explains his position in a column in today's *International Herald Tribune*, Page 4.)

Just before the coaching session at a suburban Virginia estate, Mr. Will visited David A. Stockman, now the director of the Office of Management and Budget and then a Michigan congressman who was helping the Reagan campaign. Mr. Will had disclosed in recent broadcast and newspaper interviews that he saw some of the briefing material there that Mr. Stockman said later was "faked" from the Carter campaign.

The material was "excruciatingly boring," and of little use to the debate preparation, Mr. Will said. Other journalists, repeating the view of many Democrats, said the question was not the content of the papers but whether they had been stolen.

Mr. Will's activities at the session, saying only that he had been "an invited guest."

William J. Casey, the campaign director, who is now director of central intelligence, asked for pre-debate coaching help from three columnists: Mr. Will, Patrick J. Buchanan and William Safire.

Mr. Safire, a columnist for The New York Times, refused.

Mr. Buchanan said Friday that he spent four hours at the rehearsal, asked two questions and helped Mr. Will and other panelists give Mr. Reagan advice on how to handle various questions. He said he never saw any of the papers from the Carter campaign.

Asked if he was right or wrong to have helped at the rehearsal, the columnist said, "Recognizing the fact that there are legitimate gray areas of concern about what kinds of relationships particular kinds of journalists can have with particular kinds of politicians and events, I'm glad I went."

Mr. Stockman, through a spokesman, declined to discuss



George F. Will

Mr. Will's activities at the session, saying only that he had been "an invited guest."

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The minister of the interior, General Enrique Montero, in a private meeting with the owners of the Chilean media, banned references to protests against the Pinocchet government.

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U.S. Miscalculations Seen Hurting Peace Effort in Lebanon

By Bernard Gwertzman
New York Times Service

WASHINGTON — The "fresh start" toward peace in the Middle East that President Ronald Reagan launched 10 months ago seemed last week to be at a dead end.

Secretary of State George P. Shultz returned from the region acknowledging the failure of efforts to arrange simultaneous withdrawal of Israeli, Syrian and Palestine Liberation Organization forces from Lebanon. And there has been virtually no progress in tackling the broad, complex Palestinian question that was at the heart of Mr. Reagan's Sept. 1 plan.

"I wish I could report that somehow we see a movement in the direction of simultaneous withdrawal, but I can't give any such report," Mr. Shultz said wearily.

The Middle East was the one foreign policy area where the administration hoped for tangible results and, accordingly, Mr. Reagan and Mr. Shultz have devoted more time to it than to any other. U.S. mediation did produce a Lebanese-Israeli withdrawal agreement in May, but even that accord seemed lifeless in light of Syria's repeated rejections.

Washington had hoped last summer to take advantage of Israel's humiliation of the Palestine Liberation Organization and Syrian forces in Lebanon in order to revive the peace process and restore Lebanese control of the country. For eight years, Syria and the PLO had dominated Lebanon, except for the southern strip Haddad.

The United States assumed that Israel, having achieved a major military victory, would agree to

withdraw quickly in return for security arrangements in southern Lebanon, and that the Arabs would pressure Syria and the remaining PLO forces to do the same.

As for Mr. Reagan's Palestinian plan, even after Prime Minister Menachem Begin of Israel rejected it, Washington believed King Hussein of Jordan would find it so attractive he would agree to enter the stalled talks concerning the West Bank, a region

NEWS ANALYSIS

controlled by Jordan until it was seized by Israel in 1967. The PLO, its prestige severely damaged by its forced evacuation from Beirut, was presumed to be incapable of vetoing the king's participation.

Every one of these calculations proved wrong. The Israelis prolonged the negotiations for months, demanding that Lebanon agree not only to a security arrangement but also to political normalization (that would justify the deaths of 450 Israelis in the war). In the end, the Lebanese reluctantly gave in to many demands, but the delay proved fatal. While Israelis, Lebanese and Americans negotiated through the fall and winter, Syria received heavy infusions of Soviet military aid, refurbishing its forces and stiffening its resolve. By the time Mr. Shultz arrived in May and ended the Israeli-Lebanese haggling, the Syrians no longer could be pressured into withdrawing. King Hussein, meanwhile, again demonstrated why he is a survivor and not an innovator. The U.S. Embassy in Amman predicted — wrongly — that the king would agree to join the West Bank negotiations. But he continually searched for an Arab consensus that would support his entry into the talks. Lacking a PLO

or Arab League endorsement, he bowed out. Again the United States had miscalculated. Thus what could have been an impressive American diplomatic achievement turned out to be a win for the Soviet Union, which was coaching the Syrians and the PLO.

Moreover, Washington's relations, even with its good friends, the Israelis, Egyptians, Jordanians, Lebanese and Saudi Arabians, have become strained.

The Israelis were complaining that Washington was inept and should now allow them to pursue their own interests, since the Arabs were to blame for the breakdown in the withdrawal process. The Egyptians, Saudis and Jordanians blamed the United States for not compelling Israel to make concessions.

Israel now seems ready to withdraw some of its troops from around Beirut, where there have been Israeli casualties, to a more defensible perimeter in the south. In Lebanon's Bekaa Valley, Israeli troops would still be face-to-face with Syrians. The opposition Labor Party favors full withdrawal but last week, a senior Israeli official said the troops would remain in Lebanon for years if the Syrians did not leave.

Beirut feared the Israelis would become entrenched in new lines and that neither the Israelis nor the Syrians would agree to leave. Washington worried that if Israel started the redeployment, Beirut might renege on the withdrawal agreement, which has strained Lebanese relations with other Arab countries.

When Mr. Shultz reported to Mr. Reagan on his fears that Lebanon may be disheartened by the lack of progress, Mr. Reagan stressed his "renewed commitment to move forward promptly on both Lebanon and the broader process and pledged "there would be no reverse gear."

Mr. Shultz told reporters that he also was not ready to give up, but that he had no specific new ideas to put forth.

Harold H. Saunders, for many years the State Department's top Middle East expert, said that if Mr. Reagan wanted to remain active in the Middle East — "and that's a big 'if'" — he would recommend that Mr. Shultz undertake an immediate major review to see if Mr. Reagan could make a speech on Sept. 1 covering the year's efforts and making known the United States' further plans.

Mr. Saunders urged the president to maintain pressure on Israel to stop new settlements in the West Bank and agree to complete withdrawals from all occupied lands in return for security and peace. Mr. Reagan could also hint at moving toward support of Palestinian self-determination, but without endorsing these code words for an independent Palestinian state.

Some experts have advocated bringing the Soviet Union into the talks to revive the intermittent dialogue that began after the 1967 Middle East war. But William Quandt, another former government expert, believes overall Soviet-U.S. relations are so poor that the two countries would simply end up arguing and would thus increase tensions in the region. Moreover, it is assumed in Washington that despite Syria's ties to Moscow, President Hafez al-Assad makes his own decisions.

With President Amin Gemayel of Lebanon and Mr. Begin expected in Washington later this month on separate visits, the administration will be focusing for a time on the Israeli redeployment controversy. But eventually Mr. Shultz and his advisers will have to return to the unsolved basic issues.

WORLD BRIEFS

Glemp Assails Press on Pope's Visit

ROME (AP) — Cardinal Józef Glemp, the primate of Poland, criticized Sunday the press for political speculation during the pope's trip home, and said that foreigners should not "stick their noses" into Poland's affairs.

"The world of political journalism, of speculation, again showed itself to be superficial," Cardinal Glemp said of Pope John Paul II's eight-day journey to his native Poland last month.

"The mass media often give a distorted view of life, so that often man does not know how to deal with that which is written," he declared during a Mass at the Polish church of St. Stanislaw. He did not cite specific incidents and reporters were not allowed to approach him afterward for elaboration.

Moscow Mayor's U.K. Visit Decried

LONDON (AP) — More than 20 Jewish protesters shouting "Free Soviet Jewry!" encircled Mayor Vladimir Promyslov of Moscow on Sunday as he arrived for a luncheon with leaders of the Greater London Council.

The demonstrators, some wearing prison camp clothing, waved placards at Mr. Promyslov, 75, as he made his way through the courtyard of the Dickens Inn. A member of Mr. Promyslov's party struck out and broke one of the placards.

The demonstration was organized by the Women's Campaign for Soviet Jewry, which announced that it would stage protests outside most functions that the Moscow visitors are scheduled to attend. The mayor, who arrived here Saturday for a nine-day visit as guest of the council, has described his trip as a good-will visit.

U.S. Accused in Salvadoran Talks

SAN JOSE, Costa Rica (AP) — Salvadoran leftist leaders said Sunday that a proposed meeting with the U.S. special envoy, Richard B. Stone, had failed through because of what they called the "propagandistic environment" that preceded it.

A communiqué issued by the leftists said the meeting had been planned for Saturday. Mr. Stone flew from El Salvador to San José on Friday and returned Sunday to El Salvador. "Unfortunately, it was not possible to obtain an agreement on procedural aspects which prevented the realization of the meeting," said the communiqué. "Neither did the propagandistic environment that preceded it help."

The communiqué said the meeting was to have been private with no publicity. It was signed by the Democratic Revolutionary Front, made up of Salvadoran leftist parties, and the Farabundo Martí National Liberation Front, the coalition of five guerrilla groups fighting to overthrow the U.S.-backed Salvadoran government. The communiqué said the leftists remained interested in arranging a meeting with Mr. Stone.

Israeli Army Returns Post To Lebanese

The Associated Press

MONTE VERDE, Lebanon — The Israeli Army has turned over an advance position in the hills above Beirut to the Lebanese Army in what sources said Sunday was a trial run for future withdrawals.

"We're still keeping our patrols by agreement with the Lebanese Army," said an Israeli officer who refused to be named. "They took over the farthest point we had" on the mountain road from Monte Verde into the Bekaa Valley, the officer said, "but we will continue our patrols and we are not giving up control of the area."

Sources close to the Israeli Army indicated the move was a test for the planned redeployment move out of the Beirut area and the central mountains to below the Damour River, 14 miles (22 kilometers) south of Beirut, then eventually to the Aouar River, 15 miles farther.

The Israeli had maintained about 40 tanks, artillery pieces and trucks outside the mountain town since last six miles east of Beirut since last summer's invasion, according to the Lebanese soldiers now manning the position.

Overnight Friday, the Israeli pulled out and the Lebanese Army moved in several armored personnel carriers and small tanks. On Sunday, only two French-made AMX-13 light tanks and a truck were seen, with about a dozen soldiers.

"There is no real improvement of the situation," said the Lebanese officer in charge of the area. He refused to be named.

"The Israelis can still patrol here. They have the same rights as before. The only thing is that they do not stay continuously in this area. It relieves them of some pressure, and they are less exposed to an attack."

He said the Israeli sent a patrol of four armored personnel carriers and three jeeps through Monte Verde earlier Sunday.

The Israeli fear instability and clashes among Lebanese factions if they should pull completely out of the mountains.

Monte Verde was considered strategic because it sits on a ridge above the Beirut River, and commands a wide view of hills to the east occupied by the Syrian Army and Lebanese leftists.

"This is an indication of the kinds of arrangements that are being thought about" in connection with the larger planned redeployment, the source close to the Israeli Army added.

If the area remains peaceful under the Lebanese Army, and if the army can keep anti-Israeli guerrillas from infiltrating, the Israelis might find it easier to give up more important positions to the south.

Iran Shutting 2 French Facilities

TEHRAN (Reuters) — Iran said Saturday that it was closing the French Consulate in the provincial town of Isfahan and the French cultural institute in Iran in retaliation for what it said was France's involvement in the hijacking of an Iran Air plane that landed Thursday in Paris.

The national news agency IRNA quoted the Foreign Ministry as saying the action was being taken "to counter the 'socialist-Zionist' French government's collaboration" with the hijackers and the outlawed Mujahedin, a leftist group opposed to the government.

The Boeing 747, with 350 passengers on board, was seized by six men during a domestic flight to Teheran on Wednesday and forced to fly to Kuwait and then Paris. The hijackers have been charged with piracy by a French court, but France has rejected an Iranian request for extradition. French officials said Friday the hijackers would probably be granted asylum.

Shuttle Ants Died of Dehydration

WASHINGTON (WP) — The colony of carpenter ants that flew aboard the space shuttle Challenger last month apparently died of dehydration, though students and teachers examining the first 30 bodies say they cannot tell when the ants died. "What we have on our hands is the equivalent of an ant detective story," said Nicolas Timpanelli of Camden, New Jersey, one of the teachers.

A videotape taken inside the colony during liftoff and the flight's first 10 minutes showed no motion. The spongiform mass where the 150-ant colony lived was found to be dry when the container was opened, though there was still one full tube of drinking water.

Fifteen students from Camden and Woodrow Wilson high schools had worked on the experiment since 1981 with a \$10,000 grant from RCA Corp.

Weinberger Visit to China Studied

WASHINGTON (UPI) — Negotiations are under way between China and the United States for a visit to Beijing in early fall by Defense Secretary Caspar W. Weinberger, U.S. officials said Sunday.

The officials emphasized that no firm arrangements had been made but that September or October had been targeted as a likely time for the visit. It would be Mr. Weinberger's first trip to China, although he has been to Asia twice — in April and November, 1982.

The Pentagon has been reviewing a liberalization of U.S. controls on the export to China of high technology equipment such as computers, semiconductors and the machinery to manufacture them. A Pentagon official left the impression that the review should be completed in time for Mr. Weinberger's departure, though the official could not make that link.

Chile Will Let 83 Back From Exile

United Press International

SANTIAGO — Facing the threat of a third mass protest this week, Chile's military government has authorized the return from exile of 88 opposition politicians.

Included are two prominent figures: Renan Fuenoel, former president of the main opposition force, the Christian Democratic Party, and Cesar Goyd, 82, a former representative from the Communist Party.

President Augusto Pinochet said he would order his government to

hasten the return of exiled Chileans

after two recent protests demon-

strated widespread discontent with

his 10-year-old government. At

least 622 people have been allowed

to return. There are 10,000 to

30,000 Chileans living in exile.

China Said to Free Dissident Artist

BEIJING (UPI) — Li Shuang, a Chinese artist and dissident who was engaged to a French diplomat, has been released after two years in prison, diplomatic sources said Sunday.

They said she was freed Friday, the day that the French agriculture minister, Michel Rocard, arrived in Beijing for a working visit. Miss Li was arrested Sept. 9, 1981, outside the foreigners' compound where she had been living with Emmanuel Bellefroid, who was then attached to the French Embassy in Beijing. The incident caused a crisis in Chinese-French relations.

It was not clear if Miss Li will seek to go to France to join Mr. Bellefroid, but diplomatic sources said she had stated that she still wanted to marry Mr. Bellefroid, who now works at the External Relations Ministry in Paris.

For the Record

UPPSALA, Sweden (Reuters) — The Seismological Institute of Uppsala University reported three underground nuclear explosions Sunday north of the Caspian Sea in the Soviet Union. The institute said the most powerful tremor measured 6 on the Richter scale. The Soviet Union frequently carries out underground test explosions, but Sunday's appeared to be stronger than usual, the institute said.

TEL AVIV (UPI) — A propaganda balloon launched a week or two ago from Taiwan toward mainland China got caught in winds and floated more than 6,000 miles (9,600 kilometers) to Israel, landing Sunday in an orchard near Tel Aviv, Israel radio said.

MUNICH (AP) — Radio Free Europe and Radio Liberty, U.S. government-supported broadcasters to Eastern Europe, plan to improve their equipment in efforts to overcome Soviet-bloc jamming. James L. Buckley, the former U.S. senator who took over as president of the two stations last year, said the Reagan administration had backed his request for a \$22-million budget increase for the two stations.

Elephants Are Eaten in India

United Press International

NEW DELHI — Poor people in eastern India have begun to eat elephant meat, threatening the animals' existence, a news report said Sunday. "The economic crunch because of repeated crop failures, lack of employment and various other reasons" have led people in Orissa state's Chhota area to eat elephant meat, the Hindustan Times reported.

Another problem is that Malta is

threatening to delay completion of

the conference until there is agree-

ment on a follow-up conference on

Mediterranean security. This is a

demand that most members of the

meeting reject because it would af-

fect North African and Middle

Eastern states.

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Officials in Both Parties Call Carter Papers a Minor Issue

Washington Post Service

WASHINGTON — The controversy over how the Reagan presidential campaign obtained documents and information from inside the Carter White House in 1980 has become front-page news, but not a significant political issue around the United States, according to interviews with a dozen Democratic and Republican state chairmen.

"It may not be a big scandal, but night after night on the news it is enough to confirm that the Republicans are up to some sneaky business again," said Robert Shagle, head of the state Democratic Party in Texas.

"People just aren't that interested in it," said Edward Reinecke, chairman of the California Republican Party.

At the White House, the political impact of the affair was judged to be minimal until late last week. Some of President Ronald Reagan's advisers have said they believe that reporters are being overbearing in their pursuit of a story

that amounts to little and in which the public is not interested.

"We haven't heard one negative word from our people," said a senior administration official, when asked about the reaction of former Reagan campaign workers. "It is not that interesting a story to anyone with perspective on it," the official said, "anyone but reporters and politicians."

"If we've made any mistakes in handling this thing, it was in judging how rabid this whole town would be for the story," he added, alluding to Washington. Now, he said, "we know we are dealing with public perception as shaped by the press more than we are with investigators."

Such Republican state party chairmen as Don W. Adams in Illinois minimized even that impact. David Norcross, the former chairman of the New Jersey Republican Party and deputy general counsel to the Republican National Committee, said: "My only outrage

over this story is that it's a nothing and it's not dying because the press is pumping it up."

Aide's Remark Reported

About a week before the 1980 presidential debate, one of Mr. Reagan's campaign aides reportedly told a close friend, who was President Jimmy Carter's deputy campaign counsel, that Mr. Reagan would win the debate because his aides had a copy of Mr. Carter's debate briefing book. The Washington Post reported from Washington.

The friend is said to have told this to her boss, the Carter campaign counsel, Timothy G. Smith, who recalled Saturday that he dismissed the idea as "preposterous" because "the debate briefing books are too closely held at the White House." Mr. Smith added ruefully that he had done nothing about it.

The incident indicates widespread knowledge inside the Reagan camp about its possession of a copy of Mr. Carter's briefing book. The Reagan aide, Charles Crawford, confirmed the account in a telephone interview.



President Ronald Reagan said he would take whatever action necessary in the Carter briefing-book case.

was not involved in preparing Mr. Reagan for the debate.

Mr. Crawford's friend in the Carter campaign was the deputy campaign counsel, Carol C. Darr, who could not be reached for comment. Mr. Crawford also could not be reached. But Mr. Smith confirmed the account in a telephone interview.

Reagan Policies Denounced at Women's Caucus Delegates, Expressing New Sense of Political Influence, May Back a Candidate

By Paul Taylor
Washington Post Service

SAN ANTONIO, Texas — President Ronald Reagan's political problem with women — the so-called gender gap — dominated Saturday's meeting of the biennial convention of the National Women's Political Caucus here.

In torrents of ridicule, derision, hisses, boos and sarcasm, delegates belonging to both major political parties denounced Mr. Reagan's policies and talked of breaking with canons tradition to support an opponent.

Kathy Wilson, a Republican who heads the 77,000-member caucus, opened Saturday's session by labeling Mr. Reagan "a dangerous man." She urged him not to seek re-election, saying: "Mr. President, one term is enough. . . . As a matter of fact, it is entirely too much."

She was followed on the podium by another Republican, Patricia Bailey, a member of the Federal Trade Commission, who leveled a blistering attack on Mr. Reagan's policies toward women. "Benign

bewilderment in response to the definable difference in voting patterns between men and women," said Ann Lewis, political director of the Democratic National Committee, "is the second most important thing to happen to the women's political movement. The first was suffrage."

Network exit polls from the 1980 presidential campaign showed that 36 percent of men voted for Mr. Reagan compared with 47 percent of women. More recently, the difference between Mr. Reagan's approval rating among men and women has been fluctuating from 10 to 20 percentage points.

There was talk among Democratic and Republican delegates that they believed the Mr. Reagan would make such a dramatic turnaround, and they worried that any White House concessions would be shrugged off with the same low-key response that greeted the president's appointment of two women to his cabinet.

"The take-me-in-the-morning stuff just won't work," said a Republican who asked not to be identified.

One Republican trying to sound a cautionary note against the palpable anger is Mary Louise Smith, a former Republican national chairman. "I don't think it will be shrewd to all well to have all women with one party," she warned. "The blacks have discovered that you get taken for granted."

Unusual Harmony on U.S. Supreme Court Is Evident in Some Major Rulings

By Jim Mann
Los Angeles Times Service

WASHINGTON — Chief Justice Warren E. Burger and Justice William J. Brennan Jr. have sat together on the Supreme Court for 14 years, and during that time they have agreed on precious little.

The chief Justice is the titular leader of the court and one of its most conservative members. Justice Brennan is the court's senior justice and one of its most liberal members; he worked closely with and revered Justice Burger's predecessor, Chief Justice Earl Warren.

Yet in the tumultuous Supreme Court term that has just ended, an unusual harmony on the bench showed up in some major decisions.

There were still plenty of 5-4 decisions in which the court was as bitterly divided as ever. But for the first time in recent years, the chief justice and Justice Brennan, usually the spearheads of conservative and liberal blocs within the court, found themselves voting together on important cases.

With Justice Burger and Justice Brennan in agreement, several far-reaching cases were decided by lopsided margins.

The court voted 6-1 to strike down the "legislative veto," the technique used by Congress to limit the power of the president and its regulatory agencies. It voted 6-3 to

reaffirm and extend its 1973 ruling legalizing abortion.

It decided 8-1 that the Reagan administration was wrong in its contention that the Internal Revenue Service has no power to deny federal tax exemptions to private schools engaging in racial discrimination. And it ruled 9-0 that California and other states may res-

trict the construction of nuclear power plants within their borders.

How does one explain the performance of these two men as a whole in these cases? The answer appears to lie in a combination of four different factors.

In the past two years this year, however, the court was asked to rule on efforts by California to limit nuclear power development and to tax earnings of multinational corporations — both measures that tend to draw support from liberals and opposition from conservatives.

The usual divisions within the court eroded. In the case involving multinational companies, the justices upheld California's method of taxation, 5-3, with Justice William H. Rehnquist, the court's most fervent advocate of states' rights, joining Justice Brennan, Justice Thurgood Marshall, Justice Harry A. Blackmun and Justice John Paul Stevens, in the majority.

Similarly, in the past decade the liberals on the court have tended to support efforts to place limits on the power of the executive branch of government and to make it more accountable to Congress. The others

already had been on the bench for nearly a decade before Mr. Reagan became president and show little inclination to support his positions.

Furthermore, in the past year there have been a couple of disagreements between Chief Justice Burger and the Reagan administration.

Last fall, the chief justice

Wade, were to arrive at the Supreme Court for the first time today, neither Justice Burger nor Justice Powell would be willing to endorse such a broad decision.

But both men signed the landmark ruling then. And this year, when the court was asked to overturn or retreat from the earlier abortion decision, both men stuck

For the first time in recent years, Chief Justice Burger and Justice Brennan, usually the spearheads of conservative and liberal blocs, found themselves voting together.

strongly opposed an unsuccessful administration effort to create more than 200 life-tenured bankruptcy judges. Last spring, the White House twice refused to endorse Justice Burger's proposal for an experimental national court of appeals to relieve the Supreme Court's workload.

The Reagan administration is

discovering an old truth about the Supreme Court: Change in any direction usually comes slowly there, because of the strong preference for sticking to precedent.

Many legal scholars believe that if the 1973 abortion case, *Roe vs.*

firmly by it, Justice Powell, writing for the court, invoked the doctrine of *stare decisis* (let stand what is already decided).

None of the present members of the Supreme Court is near the longevity records of Justice William O. Douglas, who served for 36 years, or Chief Justice John Marshall, who headed the court for 34 years.

Justice Brennan, the senior justice now, has been on the bench for nearly 27 years.

But as a whole, the court is a

veteran one. Of the nine justices, seven have already served for more than a decade, and another, Justice

Stevens, has been on the bench for more than seven years.

Some of the opinions this year have been written in the sort of sweeping language that appears to be aimed at historical evaluation.

That was true of Justice Powell's decision on abortion, of Justice Burger's ruling on tax-exempt schools and particularly of the chief justice's decision on the legislative veto now.

Despite the unusual harmony in most cases this year, the philosophical differences persist — particularly in disputes on criminal law.

The court put off until next year plans to rule on the validity and scope of the exclusionary rule, which bars law enforcement officials from using as evidence any materials that have been seized illegally.

Justice Brennan has been a

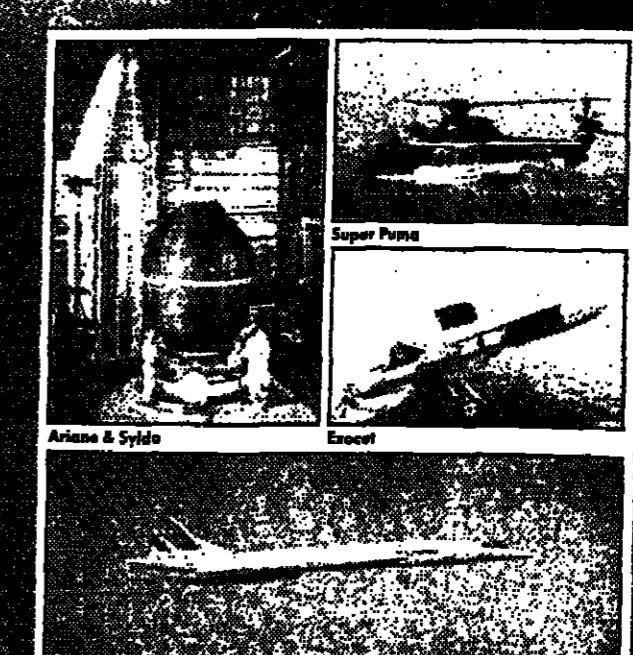
staunch defender of the exclusionary rule, and Justice Burger has for years been one of the chief critics of the rule. No one believes the two men will reach agreement on this subject.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Topic A for Shultz

In typical jet-age fashion, Secretary of State George P. Shultz has been dashing around the world touching bases that needed touching before his first year in office ends this week. It is not Mr. Shultz's fault that he has been doing freshman chores midway through President Reagan's junior year, but there is not much time left for this administration to choose an area of diplomatic concentration.

Mr. Shultz spent most of the year undoing the early Reagan damage. He resumed private conversation with the Soviet ambassador; persuaded China that Mr. Reagan is not about to unleash the Taiwan problem; got the president to call off a pointless brawl with the allies over the Soviet gas pipeline and to put a hint of flexibility into the Euromoscow negotiations; dissociated the United States from Israel's invasion of Lebanon and still shifted much of the blame for the Palestinian impasse to Arab nations. If diplomacy is putting out fires, including self-inflicted hotspots, that is not a bad one-year run. With another such year Mr. Shultz might also gain control of the two-alarm blaze in Central America, end the too-benign neglect of South Africa and respond more sympathetically to the cries for help from the poorest countries.

But if diplomacy should also be constructive, the Reagan team has little to show.

Are Americans better off internationally than they were three years ago? Are the Russians gasping in the quickening arms race as Mr. Reagan expected? Are the Western democracies using their great economic power to promote stability, to preempt Third World revolution, to help Poland, or Afghanistan? Where is the payoff from the great AWACS

sale that consumed Mr. Reagan's first year? The president and Mr. Shultz have barely a year in which to make their diplomatic mark in this term. They ought now to leave the Middle East and much else to subordinates and concentrate on re-establishing civil ties to Moscow. Unless they do, technology will take charge of the arms race and propel it into space and beyond all rational limits. Unless those limits are defined as a confidence-building diplomacy, even peripheral rivalries, as in Lebanon or Nicaragua, can spin out of control.

Mr. Shultz's only major statement on Soviet policy, to the Senate Foreign Relations Committee last month, was a useless past-up of highly divergent views. He proposed more negotiation, notably for arms control. But first the Soviet Union would have to behave itself and stop threatening stability or even exploiting instability. If there were no major Soviet-American problems, he seemed to say, there would be no problems.

A mature diplomacy can't wait for philosophical harmony or shared values. The United States and the Soviet Union need to temper the competition in weapons and contain their other rivalries, not because they agree about how the world should work but because they don't. They need agreements that are mutually beneficial and thus self-enforcing.

Strength alone may deter nuclear war and lessen aggression, as Mr. Shultz contended, but only at great cost and risk. If the secretary of state wants a productive second year, he had best let someone else fight the fires while he tends to Topic A. That was, is and will continue to be the Soviet Union.

—THE NEW YORK TIMES

Unscheduled Babies

Look with a jaundiced eye on any projections that assume a certain number of babies will be born. Nothing is more mysterious or harder to predict than a society's birthrate. Almost no one anticipated the high U.S. birthrates of the 1967-1968 baby boom, which were higher than those of any other industrialized country in this century. People were surprised again when birthrates fell sharply, and the failure to anticipate the change caused all manner of problems, from a shortage of school classrooms in the 1960s to the Social Security revenue shortfalls that seem likely in the next century. Now the birth statistics may be about to confound the experts again.

The fertility rate—the number of live births per 1,000 women aged 15 to 44—has stayed close to the same low figure for the last decade, but the birthrates for women of different ages have changed in different directions in the last three years. Women under 25 are having fewer babies. That is part of a long-term trend; it was

—THE WASHINGTON POST

Mating and Mischief

Eskimos, like other hunting peoples, had as a centerpiece of their nuptial ritual the abduction of the bride. At worst it was a cruel occasion, although wives often staged later abductions to get clear of an unhappy marriage and into the gloom of the man they had preferred. At best it was a loving ceremony, a ritual resistance of calculated blows bestowed by a young woman on a man of her choosing, while her mother kept watch to see that she did not value herself lightly but put on a respectable show. Then there was the flight by sled across the snows, in which she, as quick as he, raced beside their dogs to be sure no fictional pursuers caught up with them—a brothel they could laugh over when they grew old.

Among some birds, the female watches competing males beat their wings, fan their tails, present food to her or collect nesting ma-

terial. Nighthawk and woodcock males engage in soaring, spiraling, volplaning displays, with sound effects. But falcons climb the sky, dive and gyrate together as a pair—side by side, the two sexes, like Eskimo lovers abounding over the Arctic ice, loop the loop, sawtooth, soar and plunge again, shutting their wings. White-throated swallows, the most serial of birds, go there one better and actually mate while whirling down in a free fall.

On vacation this season we've noticed couples matching credit cards and costumes like peacock. Some climb mountains, scuba-dive or spelunk, like birds diving together. Perhaps what matters in the nupt of courtship is whether, at the end of these adventures, one looks back with humor, and mischief, like that eloping Eskimo bride and groom.

—THE NEW YORK TIMES

Other Opinion

UNCTAD: 'Absolutely Nothing'

As 2,000 sleepless delegates climbed onto their planes last week at the end of the latest round of negotiations between rich and poor countries, they could be forgiven for thinking, "We can't go on meeting like this." Four weeks of haggling at the United Nations Conference on Trade and Development in Belgrade, culminating in three consecutive all-night sessions, had achieved absolutely nothing.

Most of the blame for the failure lies with the rich countries, particularly the United States. For the first time the West recognized in Belgrade that its prosperity depends on progress in the Third World. But the United States, backed by Britain and West Germany, refused to accept any of the developing countries' proposals for action—maintaining

—Conservative William F. Buckley Jr.

FROM OUR JULY 11 PAGES, 75 AND 50 YEARS AGO

1908: Democrats Eye the Pacific

DENVER — The draft of the naval plank, made public by the Democratic convention's Committee on Resolutions, shows that the idea of having adequate naval protection of the Atlantic and Pacific coasts has been accepted as the basis of the party's position. The declaration is expected to be far in advance of the Republican platform in the advocacy of a larger navy. "I believe firmly that the center of the commercial affairs of the world will be transferred to the Pacific," said Mr. Theodore A. Bell, temporary chairman of the convention, "and in those waters the great struggles of the future for supremacy between the white and the yellow races will take place."

1933: Code Bans Child Labor

WASHINGTON — President Roosevelt has signed the cotton textile code with some modifications which have a bearing on the future course of inflation. This code forbids child labor, establishes a 40-hour week and fixes the minimum wages at \$12 weekly in the southern states and \$13 in the northern. As the president pointed out in signing the code, limited action permits abolishing child labor and raising the level of working conditions, things not a single manufacturer or small group could do and remain in competitive production. The unexpected speed with which he has acted is taken to indicate that he intends to do all in his power to force universal adoption of the codes.

A Subject Thanks His King

From O.J. Hartmann-Johnsen in Eidsvag, Norway

In Norway we are fortunate to have a leader who is a man for all seasons, a king who is truly professional, a man's man and yet a friend to all, a fine manager of official transactions, self-effacing yet imbued with a rightful royal presence. His Majesty King Olav V, army officer, sportsman and peace worker, was 80 years old on July 2.

He is so unique a person that one must guard against descending into panegyric effusions when trying to pay a small tribute to his achievements in war and peace. Yet we shall probably never know the full extent of his services to his country.

After finishing college he trained as a regular army officer, graduating from the Norwegian military academy in 1924. He then studied law and economics at Oxford. Fellow students remember him with affection.

He represented his country in skiing and sailing, winning a gold medal sailing in the six-meter class at the 1928 Olympic Games.

With Crown Princess Märtha, whom he married in 1929, he traveled extensively in Norway, thus getting to know the country intimately. They also represented Norway abroad, making an extensive tour of the United States in 1939. During that visit they struck up a personal

friendship with President Roosevelt and his family, and this was to be of no uncertain help to Norway in the difficult years ahead.

During the campaign in Norway in 1940, Crown Prince Olav displayed cool physical courage in helping others to restore their shattered nerves. He ultimately volunteered to remain behind with the battered Norwegian army when it was forced to capitulate in June 1940 just after inflicting the first true defeat on the German army, at Narvik, in conjunction with French and Polish infantry units. However, the government requested him to come abroad.

His training and experience helped to resolve difficult problems when the Norwegian armed forces were re-created. He became their active commander and served with distinction until the end of the war, when he was one of the first to return to liberated Norway. During the happy but tumultuous days that followed, he again showed his disregard of danger, appearing frequently in public among his people although dangerous adversaries were still about.

Odd Nansen, son of Fridtjof Nansen, the explorer and statesman, said it was a heavy burden to be the son of a great father, so much seemed to be expected of one. King Olav's fa-

ther, King Haakon, was one of the greatest men in our history. Yet King Olav has achieved greatness in his own right, effortlessly enhancing his father's stature in the process.

He has had his share of sorrows, the hardest blow being the loss of his lovely wife in 1954.

The king is virtually a walking encyclopedia of Norwegian history and geography, although he doesn't use his knowledge to browbeat anyone.

He still goes from strength to strength, fulfilling programs that would exhaust younger men. I speak for many a fellow citizen, surely, in thanking a beloved king for all his services and wishing him well.

to want the foreign affairs portfolio.

But he is viewed as being too friendly toward Israel to steer a balanced course on issues concerning the Middle East. He was named minister of transport. His party got four cabinet posts: the Center Party three and the Conservatives eleven.

The Conservatives' power was diluted slightly by the necessity, as part of the coalition bargain, to turn part of the Foreign Ministry into a new Ministry of Foreign Aid. It will be responsible for distributing aid of about 4.5 billion kroner (\$617 million) a year.

One problem the new government will have to face at home is unemployment, which rose to a rate of 3.4 percent last month. This is less than one-third the level of joblessness in neighboring Denmark, and well below the rates in the rest of Western Europe. But it is on the increase, and the psychological impact has compelled the authorities to look for ways to combat further rises.

But even Norway, with its North Sea oil wealth, could not do this forever.

As recovery kept failing to make its oft-predicted appearance, the subsidy programs began eating up too large a share of the budget. The search for answers continues.

There are now 57,500 people unemployed in Norway, a proportion of nearly 4.5 million, a proportion deeply troublesome to many here. Still, at a corresponding rate the United States would have fewer than 3 million people out of work instead of more than 11 million.

Foreign diplomats in Oslo are often heard to say, "We wish we had your problems." Indeed, perhaps Norway's problems aren't so bad.

International Herald Tribune

A Pundit Party to A Debate

By George F. Will

This is the first of two articles.

WASHINGTON — A surprise in 1980 was that Jimmy Carter did not do what many Reagan aides thought he would do in the televised debate. They thought he would quote a few of the well-known-to-colorful things Ronald Reagan said before he developed discretion. So in Wexford, Mr. Reagan's Virginia residence, a bunch of the boys were brainstorming about how he might handle those pearls.

For example, when Patty Hearst's kidnappers demanded distribution of free food, including canned goods, Mr. Reagan reportedly said something like: This would be a good time for a bottleneck epidemic.

A Reagan aide in Wexford asked, "How can we handle that?" There was a pregnant pause, and then another aide piped up, "Say it was taken out of context!"

I know about that marvelous moment because I was there. The fact that I was there now occasioning comment, although the fact was known at the time (everyone entering Wexford drove past reporters and camera crews), was reported when I appeared on ABC-TV the night of the debate, and has been mentioned in at least two books. But today's comment, which much interests me, give me a welcome occasion for noting a fascinating aspect of the "briefing papers" story: There seems to be an extraordinary misperception of how successful politicians function.

Events caught up with Mr. Johnson, compelling him to betray his pledge. Mr. Reagan will also be confronted by hard choices.

Whatever the president does, he ought to be aware of the potential consequences beforehand—and so should the American public. Blank checks to the president to wage war are a high price to pay for moments to the dead.

Tribune and Register Syndicate



The Need for a United Europe Remains

By Flora Lewis

Some French analysts say it is important to treat German yearning for a sense of nationhood as legitimate, so that it can develop in a climate of cooperation with neighbors instead of appearing as an inevitably hostile alternative to community.

There are even a few in France and America who say West Germany should have its own atomic bomb so that its people can feel responsible for their defense, as France and Britain do, not to speak of America and the Soviet Union. You don't hear Germans say that, but the time may come if serious arms control becomes unattainable.

Charles de Gaulle blocked unification and insisted on a "Europe of fatherlands." His prophecy has fulfilled itself, although not as he intended—with a submissive, pliant West Germany accepting France as Europe's natural leader. By example he helped create the restiveness beneath the surface of West German life.

These are deep currents, not directly involved in the daily preoccupations of the world's harassed leaders. But they are carving out the course in which the future can run or meander. Wise diplomats require keeping them in mind.

There is not much America can do to spur Europe onward. It can, and sometimes does, in peaty ways, add to the drag that slows it down. Europe's reassurance has not killed suspicion that America prefers a disunited Europe and secretly dreams to materialize the world will look very different and even more insecure.

No doubt can exist about Chancellor Kohl's dedication to the European Community. But to hold his nation's allegiance, community must mean more than trade and vacations. Germans are increasingly obsessed with a quest for national identity. There was a time when "European" was expected to become the substitute. No longer.

West German analysts say their compatriots, especially the young, feel they have become objects instead of actors in the drama of history. That is an important element in opposition to deploying American missiles. It is an emotional frustration that goes beyond pacifism and fear of Soviet reprisals or U.S. bombing. It comes from a feeling of having lost any leverage on their own destiny.

The New York Times

cause to have done so would have violated an unspoken understanding that there are times when a writer is allowed access to things he should not use as material for his writings.

Commenting on ABC the night of the debate, I said what most viewers thought—the banal truth that Mr. Reagan's need as a challenger was to prove that he could perform under "presidential" pressure, and he did. I also said that he had not been particularly surprised. He was not surprised by the interrogators' questions (more about which in a moment) or by Mr. Carter's familiar themes.

There was this exchange:

ABC's Ted Koppel: "George, it is my understanding that you met for some time yesterday with Governor Reagan and I'm just wondering what you know of his game plan and how you think his game plan worked out."

George Will: "I think his game plan worked well. I don't think he was particularly surprised. If anything, he was surprised tonight. I would suspect, by the fact that President Carter, who on the meaning issue has been rather fierce in saying that Governor Reagan's a racist, a nuclear bomb-throwing man, didn't do that."

An obvious fact is that presidential debates are no such thing. They bear little resemblance to, say, the sustained, focused debates between the Illinois Senate candidates Stephen A. Douglas and Abraham Lincoln in 1858. Presidential debates are sort of simultaneous, parallel press conferences. The result is rhetorical boiler plate in response to highly general questions.

In 1980 the questions included: What would you do about urban decline? How do you differ about the use of military force? How will you balance the budget while cutting taxes and increasing defense spending? (Read Mr. Reagan's answer to that one and laugh.)

Anyone who wins a presidential nomination has been thinking—well, talking, at least—about those most of his adult life. Preparatory mock debates are useful only for cosmetic refinements.

The Washington Post

LETTER

Avoiding War

Regarding "Better Not to Be Dead" (II, 7, July 7):

Mr. Renken's statement that it is "better to be alive than dead" is a variant on the "better Red than dead" pacifism of the 1950s and the "better Hitler than war" philosophy of the French left in the 1930s. The Russians' SS-20 blackmail is another attempt to subject Europe to the Kremlin's will. Weakness will merely stimulate further Soviet adventures. The best policy now is to maintain parity of strength. This approach has the best chance of avoiding war.

E.M. EWELTH

Paris

More letters, Page 5.

A Pundit Party to A Debate

By George F. Will

Washington — A dispute that Jimmy Carter and Ronald Reagan would do in the same way well, sometimes, is the best way to learn about how the two presidents differ.

Both men have recommended changes in the way the government does its business.

Both men have had to learn about how the other does business.

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Agca Says KGB and Bulgaria Helped in Plot to Kill Pope

Compiled by Our Staff From Dispatches

ROME — Mehmet Ali Agca, the Turk who was convicted of trying to kill Pope John Paul II, has ended more than two years of public silence by contending that Bulgarian and Soviet secret agents helped him in the plot to kill the pontiff.

"Yes, the KGB," he responded firmly Friday when a television reporter asked him whether the Soviet Union's secret service was be-

hind the May 13, 1981, shooting of the pope in St. Peter's Square.

He made his remarks as he was led to a van after being questioned in Rome's police headquarters about the kidnapping of the 15-year-old daughter of a Vatican employee, reportedly held by a man who wants Mr. Agca freed from jail.

Mr. Agca's allegations appeared to add weight to Italian investigators' charges that secret agents from Bulgaria's Communist government were involved in the attack. The Bulgarians have repeatedly denied the accusations.

U.S. to Question Soviet Parents in Son's Asylum Suit

The Associated Press

CHICAGO — A lawyer will go to the Soviet Union this week to ask the parents of Walter Polovchak if they still want their 15-year-old son back from the United States, where the boy was granted political asylum.

The legal director of the Illinois Civil Liberties Union will deliver legal papers that Michael and Anna Polovchak must sign if they wish to pursue a suit filed on their behalf by the American Civil Liberties Union, Jay A. Miller, executive director of the ACLU's Illinois chapter, said Saturday. If the Polovchaks decline to sign the papers, a U.S. District judge probably will dismiss the ACLU suit next month, Mr. Miller said.

The suit contends the U.S. government violated the Polovchaks' right to due process of law when it refused to allow them to take part in political asylum hearings for Walter in 1980.

Walter immigrated to the United States with his parents in 1979. The following year, the Polovchaks decided to return to the Soviet Union, but Walter and his sister Natalie, who chose not to go back, left their parents to stay with relatives in Chicago. In 1980, the Carter administration granted Walter political asylum.

"I knew Sergei — he was my

accomplice," AGI quoted Mr. Agca as saying.

"Yes, Antonov," he said on television when asked whether Mr. Antonov was involved in the plot.

Mr. Antonov has denied any involvement in the attack, but investigators have said they believe he played an active role and refuse to release him despite pressure from the Bulgarian government.

"I have said the attempt against the pope was made by Bulgarian secret services," Mr. Agca said on television.

Mr. Agca, 25, serving a life sentence for wounding the pope, freely responded to questions in Italian and English — the first time he had done so publicly since his trial.

"I have been several times in Bulgaria and in Syria," the Italian news agency AGI quoted Mr. Agca as saying, "and in the attack against the pope even the KGB part."

In his remarks, which were broadcast later on national television, Mr. Agca clearly pointed to the KGB and Bulgarian secret agents as having helped him carry out the attack.

His charges followed widespread speculation in the Western press that the Soviet Union wanted to eliminate the Polish-born pontiff because of his strong support for Poland's now-banned Solidarity trade union. The Soviets have called the speculation absurd.

"Once again, as last Sunday, I want to recommend to your prayers Emanuela Orlandi, for whom I and all of us together with the afflicted family, wait with anxiety the return," he said before about 30,000 people in St. Peter's Square.

The man claiming to have abducted Miss Orlandi said he contacted the Vatican last week after the pope's first appeal but was ignored. Vatican spokesman said there had been a telephone contact but released no details.



PARLIAMENTARY IMMUNITY — Toni Negri, imprisoned since 1977 as a terrorism suspect, gives a news conference at the Italian Radical Party's headquarters in Rome. Mr. Negri, who was recently elected to Parliament, was released Friday from Rebibbia prison under parliamentary immunity. At right is the Radical Party's leader, Marco Pannella.

Hungary Shuffles Posts And Alters Election Law

Compiled by Our Staff From Dispatches

VENICE — The Hungarian government has announced a shuffling of top government posts and a change in its election system.

Hungary's state-run news agency MTI said Friday that the Central Committee of the Hungarian Socialist Workers' Party has introduced a law stipulating there be two candidates, instead of one, in future parliamentary elections.

Such pluralism is virtually unknown in the Soviet bloc. Candidates

would still be under the auspices of the Communist-supervised Patriotic People's Front.

The news agency also said that the committee made several major personnel changes Wednesday.

It said Marias Szuro, 50, was appointed secretary of the Central Committee, replacing Peter Varkonyi, who became foreign affairs minister. Mr. Varkonyi replaced Frigyes Puja.

Mr. Szuro was ambassador to East Germany from 1975 to 1980 and to the Soviet Union from 1978 to 1982. He became head of the foreign affairs department of the Central Committee in 1982.

Mr. Varkonyi, 52, editor-in-chief of the Communist party newspaper Nepszabadsag since 1980 and secretary of the Central Committee since 1982, was sworn in to his new position in parliament, the news agency said.

He said he thought the executions of terrorists in Northern Ireland would inspire, not deter, the IRA and other extremists.

Mr. Prior acknowledged that he had voted in favor of capital punishment in a ballot in the Commons in 1975.

"I recognized within a short time

British Death Penalty Assailed

Minister for Ulster Sees More Violence and Boost for IRA

The Associated Press

LONDON — James Prior, Britain's secretary for Northern Ireland, has declared that a return to capital punishment in Britain would bring violent disorder to Ulster and make martyrs of Irish Republican Army guerrillas.

The minister made his statement in an open letter to voters in the Suffolk district Saturday, four days before a crucial debate in the House of Commons on whether to bring back capital punishment. The death penalty was suspended in Britain in 1964 and abolished in 1969.

Mr. Prior said that the chief of the Royal Ulster Constabulary, speaking for his chief officers, contended that the reintroduction of the death penalty would make the task of the police in Northern Ireland substantially more difficult.

Mr. Prior received some support

from the Association of Prison Governors (chief wardens) who wrote to Home Secretary Leon Brittan that they wanted no executions in their prisons. They said that if Parliament voted for a return of executions, they should be carried out elsewhere.

The association said in a letter that it believed that holding executions in prisons "would move the prison service back toward the Dark Ages."

The letter said that members, many of whom individually opposed capital punishment, also considered it incompatible with the aims of imprisonment.

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India May Reprocess Spent Nuclear Fuel

By Sanjoy Hazarika

New York Times Service

BOMBAY — An atomic energy official says spent nuclear fuel at a U.S.-built power plant near here may have to be reprocessed into plutonium because storage space is lacking and the plant needs to be decontaminated.

The official, Homi N. Sethna, the chairman of India's Atomic Energy Commission, said in an interview last week that reprocessing of the atomic waste, which comes from enriched uranium supplied by the United States for the Tarapur plant, might have to start by the end of the year.

Plutonium that can be used in

weapons can be extracted from the waste during reprocessing, but Mr. Sethna said the fuel would be used only to power Tarapur's reactors.

India exploded a nuclear device in 1974 but has vowed never to make nuclear weapons.

Mr. Sethna said, "We have to decontaminate. If we are to decontaminate, it would mean we would have to reprocess, by the end of the year, I presume." Decontamination could take up to a year.

The United States in 1978 banned the shipment of enriched uranium and spare parts to nations that do not accept full international safeguards against production of nuclear weapons. This ban has hurt

Tarapur, which is said to be suffering from a lack of spare parts. India does not allow international inspection of all its nuclear plants, but it does allow them at Tarapur.

President Jimmy Carter approved a plan of 38 tons of uranium to India in 1980. In an effort to get around difficulties caused by the 1978 law, President Ronald Reagan and Prime Minister Indira Gandhi agreed last year that a third country, France, would supply enriched uranium.

Secretary of State George P. Shultz said when he visited India this month that the United States would export reactor components to India if other suppliers could not be found. Officials here said India

was negotiating with West Germany and Italy for spare parts.

The 1963 agreement on Tarapur between India and the United States allows for joint determination of whether nuclear material will be reprocessed. But Indian and U.S. views of the accord differ sharply.

The reprocessing of spent fuel from another atomic power plant, this one at Kots in the state of Rajasthan, began some months ago and is supervised by the International Atomic Energy Agency. The fuel is reprocessed at Tarapur. Atomic energy officials have said that no U.S.-supplied fuel has been reprocessed for Tarapur's use.

Washington Post Service

Study Finds Correlation Between Moon, Quakes

By John Wilke

Washington Post Service



Among the hostages released in Sudan were, clockwise from the upper left, John Haspels, Willem Noort, Martin Overduin and Ron Pontier. The fifth was Alois Pachet.

U.S. Thanks Sudan for Raid That Set Five Hostages Free

The Associated Press

WASHINGTON — The U.S. State Department has thanked the Sudanese government for conducting a surprise raid on a rebel camp in which two Americans and three other hostages were freed unharmed after two weeks in captivity.

A State Department spokesman, Alan D. Romberg, said the United States was not consulted about the raid Friday, in which 18 guerrillas and one Sudanese soldier were reported killed.

Western diplomats in Nairobi said missionary groups had agreed to some of the ransom demands, but the Sudanese had opposed any deal.

Missions groups in the region opposed any rescue attempt.

The five hostages were John Haspels, 36, a Presbyterian missionary from Lyons, Kansas; Ron Pontier, 29, a missionary and pilot from Clermont, Florida; Martin Overduin, 32, a Canadian missionary and pilot; Willem Noort, a Dutch nurse; and Alois Pachet, a West German mechanic.

In Mexico City, Familiar and New Crime on Rise

'Everyone Suddenly Knows Someone Who Has Been Robbed or Attacked'

By Marlise Simons

New York Times Service

MEXICO CITY — Shortly before midnight one evening last week, three men raided a restaurant in a quiet Mexico City neighborhood, searching the patrons for watches, wallets and jewelry. When one of the diners resisted and ran for the door to call the police, he was shot and killed.

A holdup in this city of 15 million people, the nation's center of poverty and wealth, is no longer unusual. The city's crime rate is increasing, and the nature of the crime is changing. The fact that the victim in this case was Alberto Rauriel, the American curator of a leading Mexican art museum, indicates how vulnerable everyone is becoming.

The Mexico Judicial Police said the overall crime rate in the capital had risen by 33 percent compared with the same period last year.

A police report made available officially said that in the first four months of 1983, automobile thefts had more than doubled while another category including burg-

laries, rape and fraud had increased by 60 percent in the capital.

The growing reports of robberies, rapes, fraud and homicides are generally ascribed to the country's acute economic crisis, which has compounded the problems for the many Mexicans who live precariously in ordinary times.

In this nation where tens of thousands depend on part-time jobs on the streets or in the fields, there are no accurate employment statistics. But even the wages of most salaried workers buy 40 percent less this year than two years ago, according to the Mexican Workers' Confederation.

"There is no question that the crimes have a lot to do with joblessness and despair," said a lawyer assigned to a criminal court. "But you also see hard-core professionals getting in on something that is far beyond the capacity of the police."

Petty crime has long been part of life in the poor neighborhoods, but it had not been a serious issue in the richer residential districts where people have traditionally protected themselves with high garden walls,

bodyguards and alarm systems. However, many incidents are reported now in which thieves, in broad daylight, have run amok through the houses of wealthy Mexicans away in their weekend homes.

Although government officials have expressed fear that the growing crime rate may hurt Mexico's tourism, they have also expressed relief that the country's economic crisis so far has not spawned political violence. Several officials said, however, that they were concerned that the growing crime rate might add to discontent and have political consequences.

"We are seeing more street gangs who attack people without stealing anything," said a municipal official in Santa Fe, a poor district on the western edge of the city. "It's worrying because we have not seen this kind of angry young men before. We have to study how other countries handled this."

The government has sought to play down press reports about growing crime, arguing that this is more a problem of scavengers and distorted perception rather than fact.



The UN Disaster Relief Office has issued an appeal for 100,000 tons of food, 140 trucks and about 75 trailers, which would cost about \$35 million.

About 60 percent of the UN appeal for food has already been pledged or sent, a UN official in Geneva said in a telephone interview.

But so far, no nation has provided transportation, although the European Community has pledged \$300,000 worth of vital spare parts, some to be airlifted, to get disabled vehicles back on the road. The relief commission has almost 300 vehicles to cover a country twice the size of France, but only about 170 are operational.

Mr. Page, the World Food Program official heading the relief effort, was philosophical about the U.S. attitude.

"The U.S. has taken the approach that it doesn't like the Ethiopian government so let some other countries bail out Ethiopia. So, if the U.S. doesn't want to bail them out, that's its business. There are other sources of food," he said.

But "people who are in need of food don't care about Marxism or capitalism," Mr. Page said. "They

are already dying of starvation."

Famine, Starvation and the Politics of Aid

(Continued from Page 1)

so because the government has released stocks needed later in the year in urban areas. Those stocks are to be replaced by relief supplies when they arrive.

Supplies in the distribution areas, however, are insufficient because of lack of vehicles and poor roads. Relief officials say the transportation problem is urgent: if the rainy season starts on schedule before the end of the month, thus relieving the drought, it will make distribution all the more difficult for the limited trucks available.

WORLDWIDE ENTERTAINMENT

SOPHIA ANTIPOLIS

The French California

(93) 33-10-10

Sophia Antipolis Festival

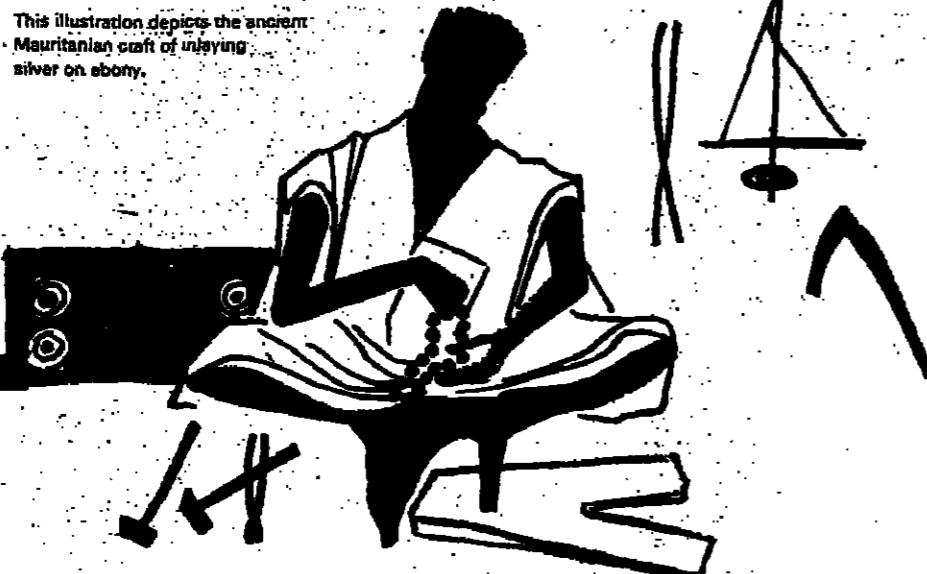
06560 Valbonne

International Bond Prices — Week of July 7

Provided by White Weld Securities, London, Tel: 623 1277; a Division of Financière Credit Suisse - First Boston

RECENT ISSUES

Am	Security	Clay Issue Pr.	Mkt Pr.	Yield	Am	Security	Clay Issue Pr.	Mkt Pr.	Yield
5-20	Janus Co Ltd Ctry	\$ 100	97 3/4	12	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	11.8
5-20	East Europe Economic Com	\$ 100	99	12.1	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.0
5-20	Philips Groot Ctry	\$ 100	100	12.4	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.0
5-20	4 1/2% 1988 Jul	\$ 100	100	12.4	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.0
5-20	East Europe Economic Com	\$ 100	99 1/2	12.7	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.7
5-20	100% 1988 Jul	\$ 100	99 1/2	12.7	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.7
5-20	East Europe Economic Com	\$ 100	100 1/4	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
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5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
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5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	East Europe Economic Com	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1/2	12.8
5-20	11 1/4% 1988 Jul	\$ 100	99 1/2	12.8	5-20	Prov Of Novia Scotia	\$ 100	99 1	



This illustration depicts the ancient Mauritanian craft of making silver on ebony.

République Islamique de Mauritanie

الجمهورية الإسلامية الموريتانية

Islamic Republic of Mauritania

MAURITANIA

The Vth Anniversary of the Military Coming to Power in Mauritania

AN INTERVIEW WITH THE PRESIDENT

Q. Briefly, your Excellency, would you comment upon the economic situation in Mauritania over the past 5 years.

A. First, before drawing up a balance sheet, we must remember the state our country was in on the eve of 10 July 1978. The economic situation was disastrous, which is an euphemism for saying that the country was on the verge of bankruptcy. Payments had ceased because the banks were empty. A fratricidal and unjust war was gobbling up our meager resources and the assistance we were receiving from friendly countries. The difficult international situation and the climatic problems peculiar to our region completed a sombre picture. Our essential problem was to avoid a worsening situation. We had started upon a process intended to restore peace, and it was within this framework that on 5 August 1979 we signed an agreement in

Algiers which marked the end of this stupid war which set us against our Saharan brothers. On the economic level several important projects were started, once the anarchy which had hindered the exploitation of our resources had been checked. Our economic program is beginning to show noticeable results. Another aspect of our activity consists of preparing our citizens for a truly democratic life; it is within this context that structures for education of the masses have been created, with the objective to making known and explaining the meaning and scope of democracy to our citizens, their stake in it and the constraints resulting from it.

At this stage, I am able to tell you that I am very satisfied with the progress and results of the structures for educating the masses. As to the respect of your question concerning the accession to power of civilians, I would say to you that the objectives of the pro-

cess which started on 10 July 1978, once peace had been secured and the economic situation has improved, is the establishment of democratic institutions. In relation to this objective, the structures for education of the masses constitute a temporary phase.

Q. What is the current situation in the Sahara and the state of relations with your neighbors?

A. I would remind you first that the Sahara problem is a problem of decolonization, and that two fundamental principles arise from this fact: respect for the borders inherited from the colonial era, recognised by the Organisation for African Unity in its Charter; and the right to self-determination.

Consequently we believe that any solution which does not take these factors into consideration is doomed to failure. This is why we have supported resolutions of the

United Nations and the OAU relating to this subject, and we have gone to all summit meetings to plead for peace in our sub-region and for understanding between two brotherly peoples, the Saharans and Moroccans.

With regard to our relations with Morocco, I would

reiterate first that Mauritania

aims to have good relations with all countries inspired by justice and peace who respect her sovereignty, her territorial integrity, her independence and which do not become involved in her internal affairs. On this basis we enjoy excellent and profitable relations with Algeria, Senegal, Tunisia, Mali and

the RASD. Our relations with Morocco have been difficult due, in part, to the Sahara question, but above all because of a policy of expansion from which, with regard to us, the Moroccan Monarchy has never deviated.

Q. Your country's economy is still weak, the financial situation is not healthy, but you are trying to rectify this — how are you progressing?

A. Mauritania is an underdeveloped country which has just come out of a disastrous war, which was very badly conducted, and is suffering from the repercussions of the world crisis and a drought. We have taken the necessary austerity measures, and are launching various important projects. We are working towards the creation of conditions favourable to industrial development which will make us less dependent on the international market for finished and semi-finished products, as well as enabling us to define ways and means likely to lead to our self-sufficiency in food, and finally to get us used to relying first and foremost on ourselves.

Generally speaking, our economic and financial position compared with that of other countries in the same stage of development as ourselves, and particularly our neighbours who live under the same climatic conditions, clearly shows that our

recovery plan has had satisfactory results.

Q. It is said that there is an uneven distribution of wealth in Mauritania, and there are still people in need...

A. Since 10 July we have worked towards the establishment of genuine social justice, by undertaking a series of measures intended to further unite the different communities making up our people for the development and well-being of our country. The proceeds from our national wealth, the waste of which has been halted, have been used and will continue to be used in priority sectors such as health, national education, or even in the rural sector with the construction of dams, roads and the drilling of wells.

A suitable structure providing the necessary resources has been established to assist us. Through the distribution of food to people living in the areas suffering from the drought, a collective effort of national solidarity in turn supported by structures for education of the masses and all proceeding from our wish for self-reliance has been directed towards our most deprived citizens.

Q. What are your relations with France?

A. I have had several conversations with French President François Mitterrand since

he came to power. Whether in Paris or here in Nouakchott, we have always emphasised the friendly nature of relations between France and Mauritania. Socialist France has always proven to be a friend of Mauritania, respecting our independence and sovereignty. Cooperation between the countries is equally excellent in other respects.

Q. What are the results of the measures taken in 1981 concerning the social sector?

A. Firstly I would say that, today, the people of Mauritania are equal on all levels with regard to rights and duties. Schooling is open to all, as well as all positions in the public or private sectors. Application of the measures adopted in 1981 is particularly effective in the rural part of the country, and this is why we have committed ourselves to undertake land reform capable of giving everyone a means of production which up till now has belonged only to our ancient master: the land itself.

Q. Tea is vital in the life of Mauritians, but you have forbidden it in offices... why?

A. The prohibition of tea is due to the fact that our citizens go to the office to work and provide service.



Col. Mohamed Khouna Ould Haidalla
The President of the Comité Militaire de Salut National, Head of State

This reportage has been prepared for the International Herald Tribune by M. Fathi Mahouachi, our Délégué Général for francophone Africa.



SNIM S.E.M.
SOCIÉTÉ NATIONALE INDUSTRIELLE ET MINIÈRE

Société d'Economie Mixte
au capital
de 9.059.500.000 UM
R.C. Nouakchott 4579
NOUAKCHOTT
RÉPUBLIQUE ISLAMIQUE DE
MAURITANIE

IRON ORE — the Backbone of the Economy

The 'motor' driving the industrial development of Mauritania

by Robert Bibra

The Iron Ore industry is controlled by SNIM S.E.M., a company that sprang from a government parastatal. SNIM was formed in July 1972 as a wholly-owned government corporation to develop the rich ores of Kédia; but when it was seen that Kédia resources would be quickly exhausted partners were looked for to back the GUELBS project with its almost infinite tonnage of iron ore, but needing half a billion dollars funding in its initial phase. In July 1972 SNIM S.E.M. was formed; 71% of the shares were still held by the government but the remaining 29% was sold off to the private sector. The working capital was set at over 9 billion ouguiyas (53.95 ouguiyas to the US\$ — *Source: The Wall Street Journal 1st July*), and 5 foreigners were admitted to the controlling Conseil d'Administration consisting of 12 members. The Minister of Mines and Energy, Major Athie Hamath, is the overall boss, and he has reporting to him the President of SNIM S.E.M., Mr. Mohd. Salem Ould Lekhia. Between them and the General Manager, Mr. Baba Ould Sidi Abdellah, they brought into the syndicate twelve organisations — mostly Arab — to launch/fund the GUELBS project.

Amounts noted in millions of \$:

\$20 million — Abu Dhabi Fund for Arab Economic Development
\$35 million — Arab Fund for Economic and Social Development
\$12 million — Banque Africaine de Développement (African Development Bank);
\$30 million — Banque Européenne d'Investissements;
\$60 million — World Bank
\$50 million — Caisse Centrale de Coopération Economique (France);
\$50 million — Banque Française de Commerce Extérieur;
\$50 million — Banque de Paris et des Pays-Bas;
\$45 million — Kuwait Fund for Arab Economic Development;
\$5 million — OPEC Special Fund;

orders were placed December 1st 1979 and SNIM S.E.M. is on schedule for the first GUELBS production start-up in one year's time — i.e., July 1984, the culmination of a project that was first discussed as far back as 1967.

SNIM S.E.M. inherited significant assets from SNIM: — a 400 mile railway line for Nouadhibou (Port Etéenne) to Zouérat, alongside the Kédia mines; — a deep water minerals' port now being further developed for larger ships by dredging (kindness of the Chinese); — mining towns like FDérik and Zouérat; — a trained mining work force and workshops; — peace with the Polisario guerrillas who had been disrupting the rail service to Nouadhibou at the end of Mauritanian-Polisario hostilities, in ex-Spanish Sahara (Rio de Oro), known as Western Sahara and presently occupied by Morocco. This was very important as the railway line follows along Western Sahara's southern and eastern frontiers.

The GUELBS — Here is a picture of a black topped quartzite hill, a 'GUELBS'. These hills can be over 500 meters tall and are composed of 35% to 42% iron-magnetic quartzites, at least one and a half thousand million tons in the Tiris area (West and East), stretching out in the desert to the north-east of Zouérat. The first of these hills of iron ore-bearing rock — and consequently resistant to erosion — to be brought into production will be EL RHEIN (560 meters). The rate of production between start-up and July 1984 will rise to 8 million tonnes (MT) a year. By 1991 the rate will be 15 million tonnes, all by open cast mining, i.e., slicing away at the hill (GUELBS), 12 MT from EL RHEIN and 3 MT from the second GUELBS to be brought into production, OUM ARWAGEN. The gueilb iron ore-bearing rock will receive its first treatment before being sent to Nouadhibou — 86 million tonnes of gueilb rock has to be dug out of the hills to give the desired 15 million tonnes of iron ore concentrates for despatch to Nouadhibou for export.

The Eastern gueilbs were chosen because of their coarser crystallization, huge workable reserves, relatively high iron content, and

ease of 'treatment' and propinquity to the existing railhead. The first two gueilbs selected will give at least 12 million tonnes per annum for export for the next 20 years. American and European tests in the mid-Seventies showed that GUELBS ore is good. The Zouérat pilot plant supplied samples of gueilb concentrates to France, Belgium, the UK, Spain, West Germany and Japan with excellent results.

GUELBS iron ore shipped from Nouadhibou should secure the same prices as KEDIA iron ore — \$19.82 a tonnes in 1982. Now that the USA, Japan and West Europe seem to be pulling out of recession, demand and price should move ahead too. KEDIA ore was always profitable for SNIM/SNIM S.E.M.; even in 1982 when sales slipped to 7.65 million tonnes, SNIM S.E.M. made a handsome profit — nearly double 1980's \$10 million when 8.7 million tonnes (MT) were shipped (see the *Export of Ore* chart).

Austerity measures, taken in time, saved SNIM S.E.M. from going into loss in 1982, although sales per month dipped below 300,000 tonnes in one month, and capacity for 1982 exceeded 13 MT. GUELBS iron ore will come on sale by July 1984 and should reach 14 to 15 MT by 1990, when KEDIA iron ore production will be phased out.

Exports of Mauritanian Iron Ore

1977	8.4 MT	Notes:
1977	6.5 MT*	By December 1978 SNIM, S.E.M. held over 1.33 MT of iron ore stock at Nouadhibou, UP almost 1 MT on the beginning of 1978. In 1978 7.43 MT of iron ore was brought down from Zouérat — 92,800 rail wagon loads.
1980	8.7 MT	19 million tons will not be seen again before 1990. 1979 was an exceptional year with sales up 44% on 1978's.
1981	8.9 MT	The RAILWAY — The 'Port Minéralier' and the 400 mile railway line were built to export the rich iron ores of Kédia d'Idjil (64% iron bearing rock); now a spur line 40 kilometers long is all that is needed to reach the El Rhein and Oum Arwagen GUELBS. Obviously this spur line will be extended into the desert as other GUELBS are brought into production — presently it runs from FDérik north-east to El-Rhein.
1982	7.6 MT	From the Nouadhibou peninsula the railway runs due east and passes to the north of the Dunes of AKCHAR in the Adrar until reaching the old 'Route de Mauritanie' at Choum Chérif. Here the line turns north-north-east to follow the Route de Mauritanie camel track from Char to FDérik (ex Fort Gouraud). Here the track heads off eastwards again to the railroad at Zouérat — 400 miles from Nouadhibou and alongside the Kédia deposits.

The PORT — Nouadhibou (ex Port Etéenne) is built on the peninsula that used to be called Cap Blanc and is now RAS NOUADHIBOU. When Mauritania signed a peace treaty with the Polisario in Algeria, it gave up the area of Western Sahara (Rio de Oro) it had occupied excepting La Guéra. This small fishing port is on the Atlantic side of the peninsula, whilst the Port Minéralier is directly opposite on the eastern facing into the Bâie du Levner. La Guéra effectively guards the Port Minéralier, but Mauritania will give it up when peace is restored in this area.

The headquarters of SNIM S.E.M. is at Nouadhibou, and it is a stronger company now than before the world recession and the disrupting Polisario raids on the railway line — more indigenized (90% of wages/salaries are paid to Mauritians) and the expatriate complement has been cut to the bone without concomitant loss of efficiency), tougher, more market orientated, the 6,000 SNIM S.E.M. employees are directed at IRON ORE and its export, but indigenous steel production is also growing. The iron furnace and rolling mill at Nouadhibou are saving imports and creating a

useful export income from steel reinforcing rods sold particularly to Senegal (CAO duty free) and to Mali and Ivory Coast. The amount of shipping in the harbor has declined — worldwide recession, fewer and lighter cars, fewer buildings, reduced stocks — but is still considerable: 125 ships loaded iron ore concentrate at Nouadhibou in 1978, whilst today probably 8 ships load iron ore a month. Remember though that these ships are bigger, after the Chinese dredging activity, and the overall tonnage is bigger too.

SNIM S.E.M. has been relieved of the embarrassments of the Akjoujt copper mine debts (SOMINA), but still keeps its interest in copper, gypsum, explosives and oil products production. The Phosphates of Bofal in southern Mauritania — 130 million tonnes — are ready for development and BRGM (Bureau de Recherches Géologiques et Minières) of France is making a study.

LOANS — Mauritania started repayments on its GUELBS loans in April last year, but repayments do not become onerous before GUELBS ore production should have reached 15 MT per annum in 1991. Repayments then should run at \$50 million a year. The revival in the world industrial economy is coming at just the right time for Mauritania, and the GUELBS funding should not have to be rescheduled. There is already the capacity to jump sales back to over 9 MT per annum although projections do not envisage this overseas sale figure before 1990.

Major customers — France, Italy, Belgium and the UK are Mauritania's major customers for iron ore.

1978	France	2.20 MT	1979	3.09 MT
Italy	1.45 MT	1979	1.44 MT	
UK	.88 MT	1979	1.21 MT	
Belgium	.51 MT	1979	Belgium	

Courtesy of the Arab-British Chamber of Commerce, there is further information about the companies actually working on the GUELBS project. SOCOMINE of France has been in on the project from its inception. Work includes installing equipment for open-cast mining, building a road from the mining town of Zouérat to El Rhein and a railway from El Rhein to FDérik where it will link with the existing Zouérat-Nouadhibou line, installing telecommunications, water and electricity supply and building about 500 houses.

Contracts have so far been awarded to three French firms — Entreprise Dodin, Dragor and Fives-Cail Babcock — for the railway, road and crushing mills. G.M.T. of Italy will install power supply for the ore enrichment plant. A feature of the El Rhein GUELBS development will be the 23 huge 100 ton capacity trucks that will carry the iron ore to the new spur railhead close by. This new rail spur will be equipped with 6 new locomotives each of 3,300 HP and 264 new mineral wagons with a further 11 equipped for transport of liquids.



The Guelb-el-Ghain

Training course in C.A.F.M. in Nouadhibou.

\$16 million — Overseas Economic Cooperation Fund (Japan). \$33.8 million in all for a project estimated at \$500 million. SNIM shareholders have also contributed in providing backing for the \$500 million allocated to the first phase. The project is proceeding to schedule. 57 contracts have already been signed. The first

Fishing — the Traditional Way . . .



Arrival of the fishermen



Unloading the fish



... and the women divide the catch . . .

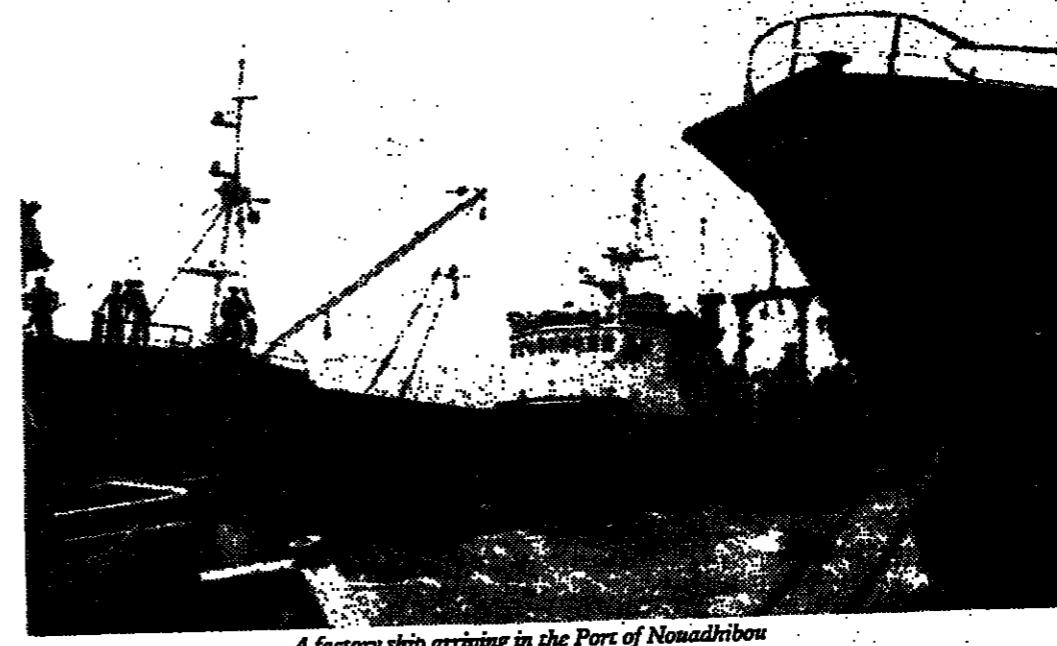


... sell the produce on the spot . . .



... and the 'restaurant' is just near by . . .

... and the Modern Way



A factory ship arriving in the Port of Nouadhibou



Unloading packaged produce



Produce is ready for export

MATEMA - SA

Boulevard Maritime
Boite Postale 248
Tél. 22-16
Nouadhibou
République Islamique de Mauritanie

مكتب ماتاما

الشارع البحري
منفذ بريد: 248
هاتف: 22-16
نواذيبو
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- I. Help and advice to firms and ship-fitters for all problems concerning:
 - acquisition of ships.
 - fitting and maintenance.
 - supervision of new construction and repairs.
- II. Research in technical and/or economic projects concerning the maritime, harbor and river-borne industries.
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République Islamique de Mauritanie



الموريتانية الإسلامية

الشركة الجزائرية الموريتانية للصيد البحري
SOCIÉTÉ ALGERO-MAURITANIENNE DES PÊCHES

YOUR BEST CONTACT IN MAURITANIA
FOR THE FISHING INDUSTRY

Nouadhibou
B.P. 321
Téléphone: 21-48, 23-01 Telex 424 MTN

Mr. Mohamed Salem Ould Sidha - President of FIAP (Fédération des Industries d'Armement et de Pêches) Federation of Industries for Shipping & Fisheries

In 1979 the CMSN decided upon a new fishing policy based mainly on the exploitation of available resources while preserving them, as well as the creation of a semi-industrial and industrial shipping business and the development of means of supervision. Within this framework the national management is calling upon all friendly countries to participate in Mauritania's efforts with a view to developing this sector.

Balance Sheet

October 1979-January 1983: In 3 years and 3 months the situation is as follows:

From a base of a Mauritanian fleet of three ice-trawlers, they now have 30 ice-trawlers and 57 freezer boats; that is to say, the objective of the formation of a national shipping industry has been realised in part and we are continuing to develop it. With regard to industrialisation, in 1979 there were 3 land-based companies: Sofrima, Mafo and Inspec. Of these 3, only Sofrima is still operating. There are a number of achievements today, including the cold-storage facilities of Speco (Industrial Fishing and Marketing Company), MSP (Mauritanian-Scandinavian Fishing Company), Comacop (Mauritanian-Korean Fishing Company), Simar (Mauritanian-Rumanian Industrial Company), Salmuarem (Arab Mauritanian-Libyan Company), and finally, a cold-storage worksite is being constructed by the Government and has a capacity of 4,500 tons.

There is a firm order for 17 ice-trawlers being constructed in France. We can say, therefore, that this addition



Mohamed Salem Ould Sidha, President of FIAP

conditions compared with neighboring ports. Therefore all these efforts, supported by the whole Administration, and particularly by the Mauritanian banking system, have been carried out in a very short period of time.

Objectives

All this involves the strengthening and developing of our achievements, the building of the necessary infrastructures and developing an industrial policy for the sector, while at the same time reinforcing and developing the Mauritanian traditional fishing industry. It will also involve the creation of genuine processing industries giving the entire operation greater added value.

Foreign Reaction

This decision, as it has been taken, is first of all a matter of sovereignty. It is not directed against anyone; its concern is to nationally exploit the country's maritime resources in its own interest. The Authorities take full responsibility for this decision, as well as for maintaining the rights of the sea which, while recognising the exclusive economic zones of the coastal States, requires rational exploitation of resources on the part of these States. What is involved here is the interest of foreign ship-owners who may not find the conditions proposed by Mauritania very convenient. What is also involved is their refusal to comply, the reasons for which are not our responsibility. We are always open to any form of cooperation in the mutual interest of the parties concerned. Mauritania has always called for any form of cooperation which respects our new fishing policy and which serves our mutual interests — any other allegation with regard to Mauritania has no basis in fact.

fishing companies, carry out studies on resources in the Arab world (the Union has already set up an Arab Fishing Company whose offices are in Jeddah). Moreover we have a study under way for the establishment of a factory to manufacture netting, and another study for the opening of an Arab office to market sea products. Finally sectorial studies are being made on the resources of the different Arab countries.

Finance

CURRENCY: the ouguiya (UM) 53.95 ouguiya to the US\$ (guide-line rate. Source: *The Wall Street Journal*, July 1st, 1983).

This new currency was introduced on 29th June 1973, separated from the franc zone and non-convertible. The ouguiya is divided into 5 khoums, the value of which has been fixed at 0.016 gr of refined gold, that is, 5F CFA (until the devaluation of the French franc). Exchange control applies to all countries, including those in the franc zone.



Port of Nouadhibou - top right, the "freezing plants" and warehouses of SOFRIMA

الجمهورية الإسلامية الموريتانية
République Islamique de Mauritanie

SOFRIMA

شركة المثلجات الموريتانية
SOCIETE DES FRIGORIFIQUES DE MAURITANIE

SOCIETE ANONYME AU CAPITAL DE 16.000.000 OUGUIYA
R.C. NOUADHIBOU - 43

NOUADHIBOU - R.C. DE MAURITANIE
BOITE POSTALE 36
21-70
TEL. 21-71
21-81
TELEX: 423 "SOFRIMA"
ADRESSE TELEGRAPHIQUE:
SOFRIMA NOUADHIBOU

صو فرقا
أونا ذيوب ج ٢١
من ب ٣٢ هـ ٢١٢١
٤٤٣ تلکس صو فرقا
العنوان الفارق: ٤٤٣
صو فرقا: اونا ذيوب

MANAGING DIRECTOR
M. Mohamed Salem O/Sidha

SOFRIMA COMPANY ACTIVITIES

A joint-stock company with registered capital of 16,000,000 UM, of which the State of Mauritania is one of the principal shareholders. — The "Société des Frigorifiques de Mauritanie" was incorporated in 1968 to operate the publicly-owned refrigerated installations under concession. These installations which are located on the "Jackal" fishing wharf at Nouadhibou, comprise the following:

- a cold store for ice, with a capacity of 800 cu. m.;
- a fish-officing hanger of 772 sq. m.;
- administrative and service buildings.
- the acquisition of a fleet of 4 ice trawlers 32-36 m. long, and 10 ice trawlers 18 m. long;
- the manning and operation of ice trawlers;
- the processing and freezing of fish of all kinds;
- the manufacture and sale of ice to ship operators and the public;
- the storage of all kinds of products;
- the marketing of fish: sales to Japan (squid, cuttlefish and octopus only), to Europe and other African countries for all other products;
- Projects under study:
 - the development of shipping operations;
 - increasing the company's capacity for freezing, storing and ice manufacture;
 - diversifying production.

M. Mohamed El Mokhtar Ould Zamel,
Minister of Information and Telecommunications**Telecommunications System in Mauritania**

The telecommunications infrastructure in Mauritania, both internally and externally, is very poor, and this situation could be extremely damaging for the country. It is certainly unthinkable that the regions should remain isolated from one another, and that the country should not be part of the larger international communications network.

The most important objective set by the Department of Information and Telecommunications is to carry out a telecommunications program which will consist of the following:

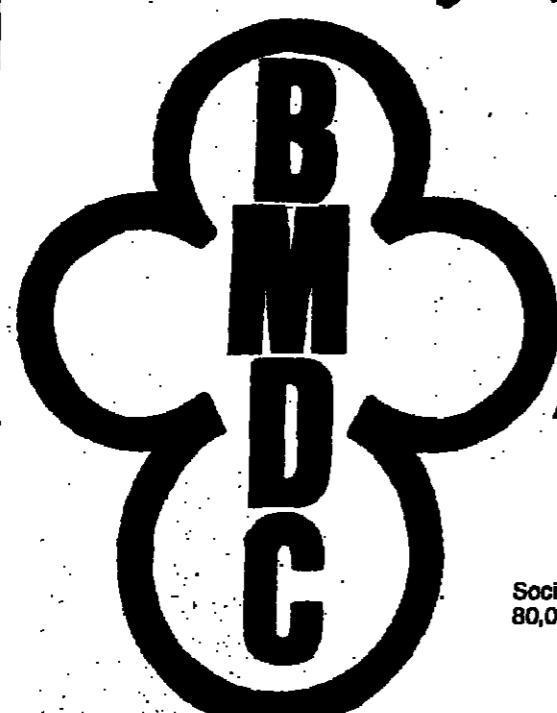
- A Type A ground station as well as a transfer center will be constructed in Nouakchott. The station will be connected to the international telecommunications satellite system, "Intelsat". Thus Mauritania will be linked to the entire world by direct-line telephone, telex, broadcast radio and television. The financing for this project has already been acquired, technical studies have been carried out, and at present contracts are being signed and work is about to begin.
- Three Type B domestic ground stations will be set up in Nouakchott, Nouadhibou and Zouerate, financed by Algeria and FAOE (la Fédération Africaine des Organisations d'Ingénieurs — the Federation of African Organizations of Engineers). This project will link Mauritania to the Arab telecommunications system, "Arabsat", and Mauritanian economic centers will be connected to each other and the world.
- A network of intercommunications using wireless beams will be set up in the south and south-east of the country. This will connect Nouakchott to Selibaby via Boulimit, Aleg, Boché and Kaedi. Equally another wireless beam will link Selibaby and Kiffa. Financing for most of this project has already been acquired, and Mauritania is actively seeking the remaining funds.
- This year communications with Senegal will be automated, those with France will be improved and a line to Spain will be opened.

البنك الموريتاني للتنمية والتجارة**BANQUE MAURITANIENNE POUR LE
DEVELOPPEMENT ET
LE COMMERCE**

ALL OUR SERVICES AT YOUR DISPOSAL
IN MAURITANIA

Société d'Économie Mixte d'Intérêt National au Capital de 80,000,000 d'Ouguiya — Etablissement bancaire agréé sous le no. 2 B-R.C. no. 81.

Siège Social: NOUAKCHOTT
B.P. 219 — Tél. 528-61 — 511-56 Télex 564 BADEC MNT

**BANQUE ARABE AFRICAINE EN MAURITANIE**

S.A. au Capital de 150 millions UM
L.M.B. N° 6

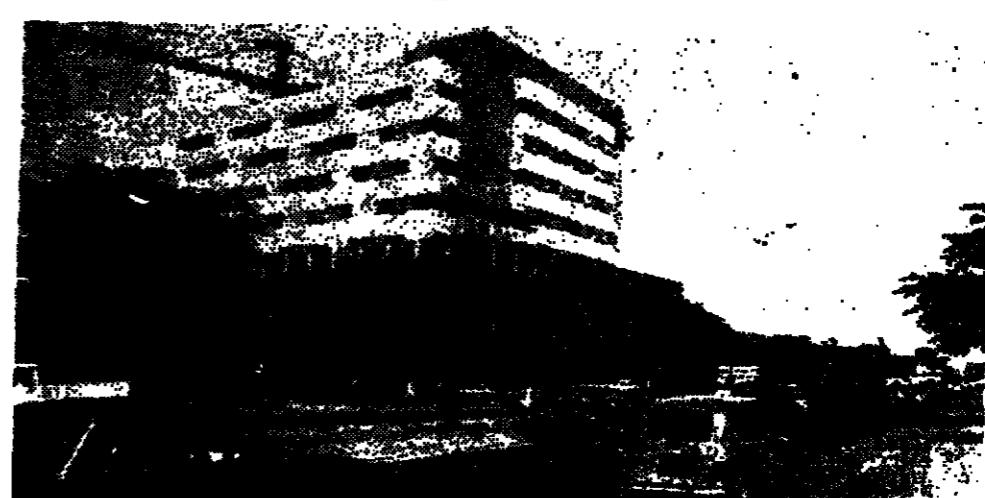


البنك العربي الأفريقي في موريتانيا

شركة مساهمة برأس مال 150 مليون اوقية
سجل التأسيس رقم ٦

BAAM

S.A. au capital de 150 millions d'ouguiya
SERVING THE DEVELOPMENT OF THE MAURITANIAN ECONOMY

**CAPITAL**

Fully subscribed and paid-up with 51% held by the Banque Centrale de Mauritanie and 45% by the Banque Arabe Africaine au Caire

OBJECTIVES:

To play an active role in the promotion and development of the Mauritanian economy

SERVICES:

- Expert management of deposits
- Loans on favourable and flexible terms
- Prompt service in import-export business and transfers
- Network of international correspondents

— ★ —
Siège Social:
rue A. A. Konate
NOUAKCHOTT
B.P. 622

Télégraphe: BAAM Télex: 543 MTN
Tél: 528 26 (lignes groupées)

— ★ —
Agence:
avenue Médian
NOUADHIBOU
B.P. 458
Télex: 458
Tél: 21 46

MAURITANIA ON ROAD TO ECONOMIC RECOVERY

Emphasis on development of the rural sector

Through his legendary calm and wisdom, his royal, proud and imposing bearing, President Khoua Ould Haidalla recalls one of those fierce warriors of the desert. He extricated Mauritania from the war in the Sahara and, with his team, was able to found and augment the members of the CMSN ("Comité Militaire pour le Salut National" — "Military Committee for National Safety"), a plan for economic recovery which

permitted a reform of public finances and a reduction of his country's budget deficit by almost half.

The Mauritanian economy was based on mining resources which represent around 80% of its export sales. The economic recovery plan fixed as its priority the development of the rural sector, fishing, small and medium enterprises, and has also planned a rescheduling of the foreign debt, the percentage of which in relation to

exports has been stabilised at the present time at around 33%. In spite of a deterioration of the trade balance, the balancing of accounts has recovered as a result of monetary capital contributions and transfers without involving other parties. A plan for financial recovery was established a few years ago with technical assistance from France. Mauritania, which benefits from very large foreign aid coming from the Arab countries and the OPEC countries, appears to be committed to the road of economic recovery and its policy of reform should restore confidence to investors.

Agriculture

The arid nature of the soil and climatic conditions

BRGM) in a search for copper in the region of Diaguiki, and phosphates in the regions of Aleg, Boghé and Kaedi. In 1978 SNIM became a mixed economy company with a capital of more than 9 billion UM (ouguiva), of which the State is the majority holder with 51%. SNIM's present objective is to make operational a new iron mine in "Guelbs Kéhin" which will replace present workings which are almost exhausted. Reserves are estimated at more than 2 billion tons of ore with a 37 to 40% content. The putting into operation of the small d'Azouzile deposits (10 million tons) and Seyela (8 million tons) is part of the Guelbs project. Cumulative production should reach 14 million tons.

Aqiq consortium has carried out tests. A modern refinery with a capacity of 1 million tons/year of refined oil has been built in Nouadhibou and is in the testing stage at the present time.

Foreign Trade

The economic crisis which has affected earnings from exports of iron ore, as well as the rise in costs of imports, have hit the trade balance very hard. For years the trade balance has been recording an increasing deficit. Iron exports, which have fallen in tonnage and value because of the world crisis in the iron and steel industry are in the process of recovering, and recorded a net increase in 1982 as well as at the beginning of this year.

tries Corporation) are being examined:

- the creation of a copper complex in Nouakchott (capacity — 30,000 tons a year), a refinery for precious metals and a production unit for sulphuric acid,
- the creation of an iron and steel complex in Nouadhibou (capacity — 2 million tons) for ore-based pellets coming from the Guelbs in the Zouerate region.

Mauritania has enormous reserves of fish, and below is information on present exploitation of this sector:

- a) Pelagic fish (surface fish): 700 to 800 thousand tons (information representing stock of which withdrawals are allowable).
- b) Demersal fish (benthic or bottom-dwelling Cephalopoda) — 150,000 to 180,000 tons.
- c) Specialised fish (tuna, lobsters, shrimp, etc.): 150,000 tons.

Total production is close to 1 million tons a year. Fishing licences have been withdrawn for bottom-dwelling fish. Previously foreign boats came to fish and went off again without any control; now, and following a decision of the CMSN in 1979 (the 2nd phase), all products must be unloaded and marketed from Mauritanian ports. The problem of monitoring waters still remains, and we must find adequate means to improve the situation. In order to avoid competition between nationals and regular sea farmers, licences may again be issued only for specialised fish and pelagic fish. At the present time we have a storage capacity of 8,000 tons, but in August 1983 this capacity will have reached 22,000 tons (several companies are installing cold-storage complexes). With regard to our equipment, we have 57 refrigerator boats belonging to Mauritanians for shore-based fishing and around twenty ice vessels, without counting traditional fishing as well.

Up to now there have only been contracts between State companies or private companies. The sector is not closed to foreigners. We open our doors to brotherly and friendly countries; we would like our friends who provide the funds to come



President Mohamed Khoua Ould Haidalla

We have contracts with Japan, South Korea, East Europe, Romania and soon Yugoslavia and Sweden; and are in the process of preparing a long-term strategy for management of this sector, on which Mauritania bases great hope for its development.

الموهانية - الصناعة والتجارة للصيد البحري
Mauritano-Scandinave
de Pêches S.A.



NOUADHIBOU

Boulevard Médian

B.P. 272
Tél: 2020
Tél: 2126
Télex: 445
Domicile D.G.: 2362
Domicile D.G.A.: 2252

NOUAKCHOTT

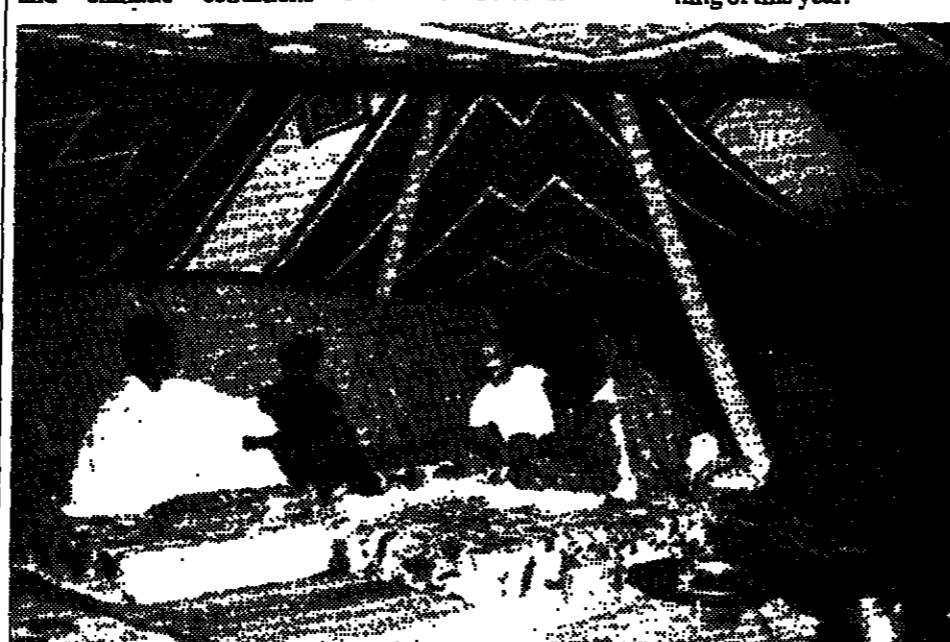
Avenue Général de Gaulle
Lot 11, No. 2

B.P. 239
Tél: 52818
Tél: 818
Domicile Représentant: 52852

The Mauri-Scandinavian Fishing Corporation is a limited Mauritanian company specializing in:

- Fishing
- freezing
- marketing of all produce from the sea
- octopus
- sole
- sardines and sardinelles
- dogfish
- mackerel, etc.

Given the high quality of its products, MSP has managed to penetrate European, French and Japanese markets.



How the traditional tent is cherished in the life of the Mauritanians, and how they are jealous to keep their originality and customs!

constitute a serious handicap for the development of agriculture: 92% of the land is in fact sandy and permeable, or shingly and sterile. Cultivated areas are of the order of 210,000 hectares, 110,000 ha. of which are in the eastern part of the country, 40,000 ha. of dieri (river crops) and 60,000 ha. of walo (subsistence crops). The Government has established development of the agricultural sector as a priority objective, which up to now had been neglected, and the country is suffering from a chronic food deficit, aggravated by years of drought.

Mines
SNIM (Société Nationale Industrielle et Minière — The National Industrial and Mining Corporation), established in 1972, is responsible for the search for and processing of mining resources. Its department of geologists and technicians is cooperating with various partners (including the

SNIM is also exploiting the gypsum reserves of Sébka de N'Drahamcha (estimated reserves of 4 billion tons, with an ore of more than 90% of calcium sulphate hydrate). Other mining resources exist in Mauritania, such as:

Sez Salt, where studies are under way with a view to exploitation of the salt marshes located south of Nouakchott (extraction capacity estimated at 20,000 tons per annum).

Phosphates, deposits of which have been explored in the Aleg-Kaédi region by a consortium including SNIM (50%), BRGM (25%) and the Rumanian company Geomin (25%).

Oil, the search for oil, which began in 1960, has covered three different basins: the Atlantic basin (11 borings, 8 of which have proved positive); the Tindouf and Taoudéni basin (2 borings, of which one suggests gas); in the open sea at Nouadhibou, where the Hispanoil-Pétroleum-Esso

There are few processing industries in Mauritania, and the Government is trying to encourage and develop the fishing industry. A new investment code was promulgated in 1979 and the right of transfer of capital and earnings is guaranteed to foreign investors.

Two projects of SAMIA (Mauritano-Kowédienné-Arab Metallurgical Indus-

try) are in progress.

Up to now there have only been contracts between State companies or private companies. The sector is not closed to foreigners. We open our doors to brotherly and friendly countries; we would like our friends who provide the funds to come

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A GENERAL REVIEW OF MAURITANIAN PUBLIC FINANCE

Mauritanian public finance, in common with other countries of former French-speaking Africa, is based on the Decree of 30 December 1912 concerning financial regulations for the colonies, updated in 1953.

On tax matters, Resolution No. 6 of 23 December 1957 constitutes the source and basis of Mauritanian Tax Law, which is similar to that existing in France before the big 1948 reform. In particular, this tax system includes the old French direct taxes commonly called the "four old ones": movable property tax, land, professional and licence taxes. To this was added a capitation tax (the minimum tax), a sort of lump-sum tax on income which, therefore, did not take account of the tax-paying ability of taxpayers. Finally, so-called "modern" taxes linked to trade and industrial activities starting in the country were instituted. Besides "port" charges (import and export), turnover tax and other specific or "ad valorem" taxes.

As a result, tax on industrial and commercial profits (BIC in French) and other so-called scheduled taxes (relating to a given category of income) as well as general income tax were in turn created.

This system has been gradually amended to take account of the country's development and the leading role which has devolved on taxation, not only for the financing of public expenditure but also for economic development and social justice.

The present tax system is characterised by increasing coherence, in spite of the continued imbalance between direct and indirect taxes, to the benefit of the latter.

The majority of the old taxes were eliminated or redistributed. Scheduled taxes (5 in number) are still in force, but their rates, having reached record figures in 1977, are tending to decrease from year to year.

General income tax of the English "income tax" kind, the progressive nature of which has just been improved by the new tax code, is now only directed to those who have big incomes, since the majority of average incomes are less than the amount provided as basic personal allowance, due to the application of the system of "tax relief in respect of dependents".

The tax burden still remains very high, however, particularly for salaried workers who have no means of avoiding tax (declared by a third party and withheld at source).

The theoretical tax burden is, in fact, 33% in relation to GDP. But the true burden is below this, because of the many difficulties encountered by the issuing and collecting authorities and the disorganisation of economic operators which stands in the way of receiving reliable statements of account and income.

In the face of this situation, the public authorities, moved by a concern for strictness of management and strict financial orthodoxy, have adopted measures since 1978 to reorganise the position of public financing, both at the level of receipts and of expenditures.

An economic and financial stabilisation plan was prepared for this purpose with the assistance of the International Monetary Fund (I.M.F.). Its three main points are:

- Reduction of the budgetary deficit
- Reduction of the balance of payments deficit
- Strict selection of investment projects with priority for productive sectors.

I. Reduction of the Budgetary Deficit

With regard to expenses: The thrust has been toward cuts in appropriations and respect for them once they are carried out...

For 1983, appropriations have not only been determined by a renewal of last year's figures, but above all after the elimination of expenditure which is not strictly necessary. The only increases made relate to planned staff training and debt servicing.

The cause of this increase, which is, moreover, 5% down in comparison to the 1982 budget, has not been linked to present management, but constitutes one of the consequences of the heavy burden of the inheritance from past management.

Such a result confirms the extent of the austerity effort being made when we realise that, up to 1978, the rate of increase of expenditure was between 15 and 20% each year.

This austerity policy will not only be maintained but will be more strongly applied by better allocation of resources and effective management of financial systems.

This policy has already permitted a restoration of a positive savings level since 1981 (around 3%) and a 50% reduction in the budgetary deficit since 1978.

With regard to receipts: Many steps have been taken, but the results are less than forecast.

The main task at present of the Finance Department is to provide the management of taxable income and tax



Water is hard to find in Mauritania, and the authorities are making admirable efforts to improve the situation.

collection in order to permit the State to achieve its objectives for a budgetary balance in 1990. In 1982 a new general tax code was promulgated, as well as a new customs tariff.

The year 1983 will see the application of measures directed towards an improved assessment of taxable income and towards providing better collection of the same by strengthening the tax services and reactivating the activities of the General Finance Inspectorate.

It is during this year that the latest measures concerning the landings of fish, caught in Mauritanian waters at Nouadhibou, may give considerable results by improved customs receipts through an effective monitoring of cargoes.

II. Reduction of foreign deficit

This will certainly result from a reduction in Government expenditures, as well as import restrictions on certain luxury products.

The fall in the price of iron resulting from a lowering of demand, in turn resulting from the crisis in the Western iron and steel industry, risks making these effects inadequate for the purpose of significantly reducing this deficit. However, the export of fish, the price of which has been maintained at acceptable levels, gives rise to great hopes.

III. Strict selection of investments

The austerity preached at the level of public finance will in no way compromise the country's economic development. Its objective is rather to reduce waste and the style of living of the Government. It is aimed at a judicious use of available resources. Our very limited resources force the country to a very strict selection of projects and give priority to productive ones.

The recent start-up production by the majority of industrial units, the future of which was already committed (oil refinery, sugar centre, various fish factories) justifies *a posteriori* this option.

However, the big infrastructure projects started before 1978 have been continued (Nouakchott Port, Nouakchott-Nema Road). The main investments have involved the productive sectors (mines, fishing, other industries). Investment increased by around 20% in 1982 to reach 35% of GDP.

The continuation of economic and financial recovery will be pursued in 1983 by new investments where there is no doubt concerning profitability, particularly in the fishing sector. This could accelerate and facilitate the recovery of public finances and balance of payments.

The effort made at the Finance Department level will be directed basically towards improving the functioning and efficiency of the receipts and collection departments. This will permit expanding receipts and reduce fraud and tax evasion, which had both reached an alarming level in recent years.

Cuts in public expenditure below the present level seems quite unrealistic, but savings will be sought whenever possible.

However, reduction in, and even elimination of, the budgetary deficit within the near future cannot be achieved without a consolidation of the foreign debt, the rescheduling of which will be negotiated in the very near future. Mauritania's record in this area is quite justifiable and the credibility which the country enjoys abroad, as well as the strictness of its financial management domestically, constitute additional elements of confidence in working towards a successful outcome to these negotiations.

الجمهورية الإسلامية الموريتانية
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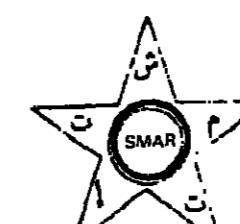
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AN-ROUMAINE
DE PECHE

الشركة الموريتانية للتأمين و إعادة التأمين

International Bond Prices - Week of July 7

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financière Credit Suisse - First Boston

(Continued from Page 6)

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Herald Tribune
BUSINESS/FINANCE

MONDAY, JULY 11, 1983

Page 13

EUROBONDS

By CARL GEWIRTZ

Even After Recent M-1 Fall, Market Unlikely to Leave Doldrums Soon

PARIS — The international capital market received a much needed boost late Friday, when the Federal Reserve reported a larger than expected \$3-billion decline in the U.S. money supply.

At best, however, the news may negate or delay the need for the Fed to raise interest rates to rein in the too rapid growth in the U.S. monetary aggregates. But at the moment no one is talking about the possibility of a decline.

As a result, even with the positive weekly news on the money supply, there is little likelihood that the Eurobond market will soon move out of its doldrums. Investors are not just prepared to make new commitments when the interest-rate environment appears to be stuck in a one-way street.

Indeed, the view among bankers is that it would be better for rates to move up, sharply if needed, to get the move out of the way and permit the market to again anticipate when the next declines might occur.

While there was no rush to sell holdings, dealers were not taking any chance of getting stuck with more paper on their books and as a result dropped their prices sharply to discourage sellers from approaching them.

Yamada Securities, the big Japanese investment bank, is tapping the appetite for equities by offering \$30 million of 15-year bonds convertible into its common stock. But even on this modest-sized issue, it took no chances and preplaced about half the total. As a result, there was very little trading on a when-issued basis.

The bonds are expected to be priced at par bearing a coupon of 5 1/4 percent and a conversion premium of about 5 percent.

Another Dollar Offering

The only other dollar offering was a \$100-million syndicated loan for Banco de Bilbao dressed up to look like a floating-rate note.

In the wings is a \$100-million, seven-year offering for Brut. The company, privatized only five months ago, is the successor to British National Oil Corp.'s North Sea holdings. It will be the first public debt offering of any of the U.K. companies recently returned to private ownership.

The delay in launching the paper, an informed source reports, is not a question of the coupon level that the borrower wants to pay but rather an assurance that whatever coupon is offered the paper will be well received.

The Deutsche mark sector was also affected. The mark was near its low of the year against the dollar and bankers feared that if the Fed increased its discount rate, as was rumored last week, the Bundesbank would be forced to follow.

As a result, the aggressively priced 100-million-DM issue for Eurofins bearing a coupon of 7 1/2 percent and priced at 99 1/2 to yield 7.59 percent — was quoted at 98 for a yield of 7.68 percent.

2 New Issues Planned

Credit Foncier sold 150 million DM of 8 1/4 percent seven-year bonds at a discount of 99 1/2 to yield 8.35 percent, but the higher yield did little to offset current market distress for French paper.

This week will see two new issues launched, a 150-million-DM issue for

(Continued on Page 15, Col. 1)

Tokyo Says Its Exports Picking Up

By Steve Lohr
New York Times Service

TOKYO — Japanese exports, after sputtering for more than a year, are starting to revive.

The turnaround began in the last few months, as overseas demand for such products as office equipment, video cassette recorders, semiconductors, ships and automobiles picked up.

The Japanese government recently reported that total Japanese exports in May climbed above the level in the like month a year earlier. It was the first year-to-year increase in 16 months.

On July 4 the government reported that export letters of credit rose in June from the like month last year. It was the third consecutive monthly increase, indicating that exports will rise in future months. Letters of credit are a form of short-term trade financing.

The prospect of an export revival

has cheered the business community here, raising hopes of higher economic growth. The Mitsubishi Research Institute recently predicted, for instance, that with exports rising, Japan's economic growth in the current fiscal year would be 4.1 percent, well above the government's forecast of 3.4 percent.

Moreover the Tokyo stock market, which has been posting new highs almost daily since late June, closed above 3,000 for the first time last Thursday.

But increased exports also pose a danger for Japan. In the past, export surges from Japan have prompted Western nations to erect protectionist barriers or have led to pressures on Japan to accede to nominally voluntary export restraints.

Weak domestic demand in Japan is magnifying the problem, since imports continue to decline. Thus, Japan's huge trade surpluses with its key trading partners, especially the United States, seem sure to balloon further. The U.S. Commerce Department has reported that U.S. imports from Japan in May rose 22 percent, while U.S. exports to Japan dropped 7 percent. In May alone, the U.S. deficit with Japan was more than \$2 billion.

With the deficit figures running higher, the Commerce Department has projected that the deficit with

(Continued on Page 15, Col. 2)

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5. CAC Bank of Corbin, Corbin

6. CAC Bank of Wayne County, Monteagle

7. Citizens Bank, Elizabethtown

8. Citizens Bank & Trust, Glasgow

9. Farmer's Deposit Bank, Bradenburg

10. First State Bank, Frankfort

11. First State Bank, Louisville

12. First State Bank, Maysville

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SPORTS

Yastrzemski's 5 RBIs Lead Red Sox to 10-3 Rout of Angels

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United Press International

BOSTON — Carl Yastrzemski drove in five runs with his third home run in three games and a bases-loaded double to lead the Boston Red Sox to a 10-3 rout of the California Angels here Saturday.

The Angels opened the scoring in the second on Ron Jackson's double and Bobby Clark's run-scoring single. Yastrzemski gave the Red Sox a 2-1 lead when he hit a 1-0 pitch off Ken Fornachio into the Angel bullpen for his fourth home run of the season, scoring Dwight Evans, who had walked.

The Angels tied the score in the fifth when Bob Boone raced home on third baseman Wade Boggs' throwing error.

The Red Sox then struck for six

runs in their half of the inning. Dave Stapleton led off with his fourth homer, Glen Hoffman scored on Boggs's fielder's choice and Tony Armas singled home Boggs. After Evans was hit by a

pitch to fill the bases, Yastrzemski doubled off the center-field wall, driving in three runs to give Boston an 8-2 lead.

Yastrzemski, 43 and a veteran of 23 years, still gets excited when he confronts an opposing pitcher. "It's a challenge," he said. "One-on-one, two guys battling each other, I love it." Yastrzemski, who was batting .342 on June 20, lifted his average to .327 by going 2-for-4 today. He passed Frank Robinson for 11th place with a .315 career

RBIs and tied Ty Cobb for seventh place with 1,139 extra-base hits.

"I'm just trying to drive the ball and not go after home runs, just hits," said Yastrzemski, who has batted .517 while hitting safely in each of his last eight games. "I feel good now at the plate."

Blue Jays 5, Rangers 1

In Toronto, Barry Bannister hit a two-run homer in the fourth and Luis Leal scattered eight hits over 7½ innings to lead the Blue Jays to a 5-1 victory over Texas.

White Sox 3, Brewers 3

In Chicago, Ron Kittle hit his 19th home run of the season and Greg Luzinski had three hits and two RBIs to lift the White Sox past Milwaukee, 8-3.

Mariners 3, Orioles 2

In Baltimore, Rick Sweet's single scored Jamie Allen with one out in

the 10th, lifting Seattle and Bill Caudill (2-5) to a 3-2 verdict over the Orioles. Shut out on two hits by Scott McGregor until the ninth, the Mariners tied the score, 2-2, on RBIs by Al Cowens and Steve Henderson.

A's 3, Tigers 1

In Detroit, Carney Lansford hit a two-run home run in the sixth to power Oakland past the Tigers, 3-1.

Twins 3, Indians 2

In Minneapolis, Tom Brunansky's two-run, bases-loaded double snapped a 1-1 tie in the eighth as Minnesota edged Cleveland, 3-2.

Royals 3, Yankees 2

In Kansas City, Missouri, Pat Sheridan scored all the way from second base on a throwing error by catcher Butch Wynegar in the 12th to give the Royals a 3-2

victory over New York. Sheridan pinch hit a two-out single off Rich Gossage (5-3) and then stole second. Wynegar's throw bounced off Sheridan's shoulder into left field. Sheridan got up and took the final two bases to easily beat an off-target throw from outfields Steve Kemp.

Reds 2, Phillies 1

In the National League, in Cincinnati, Johnny Bench singled in Dave Concepcion from second with one out in the ninth, breaking a 1-1 tie and giving the Reds a 2-1 decision over Philadelphia. Steve Carlton pitched the first eight for the Phillies, striking out six to recapture the all-time lead with 3,575, from Houston's Nolan Ryan.

Cubs 4, Giants 2

In San Francisco, Ron Cey

tapped a four-run sixth with a two-run homer and Lee Smith recorded his 11th save, leading Chicago over the Giants, 4-2.

Braves 6, Expos 5

In Montreal, pinch hitter Randy Johnson singled home Glenn Hubbard from second base in the top of the 10th, triggering Atlanta to a 6-5 victory over the Expos.

Pirates 3, Dodgers 0

In Los Angeles, Larry McWilliams pitched a two-hitter as the Dodgers lost their fifth straight, 3-0, to Pittsburgh. In his fifth shutout of the season, McWilliams (9-5) yielded only singles to Dave Anderson and Dusty Baker.

Cardinals 12, Padres 4

In San Diego, David Green drove in three runs and winning pitcher Dave LaPoint (6-5) drove two more to pace a 15-hit St. Louis attack that overwhelmed the Padres, 12-4.

Astros 7, Mets 3

In New York, Dickie Thon hit two bases-empty home runs and Terry Puhl also homered as Houston beat the, 7-3. Joe Niekro and Frank DiPino combined to stifle New York on six hits. Tom Seaver (5-9) took the loss. Puhl hit a one-out homer in the first, his third of the season, and Thon followed with his 11th. Thon opened the fifth with a home run into the left-field bullpen, marking the third time this season he has homered twice in a game.

Line Scores

FRIDAY'S RESULTS NATIONAL LEAGUE

Philadelphia 1, Cubs 0. 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LANGUAGE

Covert Pronunciation

By William Safire

WASHINGTON — The moment has come to penetrate the mystery surrounding the pronunciation of the most secret word in the language. Whether you are for or against covert action in Nicaragua you have to break into the open with the way to say covert.

When linguists speak of "covert classes" of words, they are groping for ways to tie words together that will bring about some insight into the structure of speech. Most linguists pronounce the word as *di*ctionaries indicate is preferred: *COUH-er*, with the first syllable rhyming with a hard *sh*.

For example, when Allen Walker Read recently gave a paper on "The Criteria for a Class of Jocular Words in English" at Arizona State University, he made a valiant effort to find a covert class in the lexicon of funny words. *Pixilated*, a word first spotted in 1948 to mean "eccentric," now defined as "kooky," came from the English *pixie-led*. The familiar *dingbat*, popularized on television's "All in the Family," was first spotted by Read, in an 1838 reference to an alcoholic beverage.

The professor with *pizzazz* soberly dissected Western jocularisms like *discombiabule*, *hornswoggle* and *lollapalooza*; he came to the conclusion that no covert class could be found in the lingo of huborous exaggeration: "We can best enjoy the flowering of the play spirit by leaving it in its untrammeled, untrited state." (His students promptly acquiesced.)

In breaking my head over "covert classes," I was struck by the fact that linguists and regular people are pronouncing the word differently. The tribe of philologists says *COUH-er*, while most people who buy dictionaries say *COH-er*. How come?

The first pronunciation — still preferred in most dictionaries — is the same as *covet*: *uh, not oo*. But when congressional committees vote on denying covert aid to opponents of the Sandinistas in Nicaragua, all the newscasters pronounce the word as if they were in *clover*. "This is a spelling pronunciation," says Dr. Fred Cassidy of DARE. "No native speaker would say *co-ver* for *covet*, or *lo-ver* for *lover*, nor *glove* to rhyme with *sovereign*."

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